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OMB CIRCULAR NO. A-11

TABLE OF CONTENTS

	Sec. No.	Page
Analysis of changes.....		v
Summary of MAX line code changes.....		ix
List of OMB contacts.....		xi
Agency comment sheet.....		xii

I. GENERAL INFORMATION AND POLICIES

Overview of the budget process:.....	10	
Executive budget formulation process.....	10.1	1
Executive and congressional budget processes.....	10.2	1
Preparation and timing of budget submissions.....	10.3	3
Components of the budget submission.....	10.4	4
Requirements following budget transmittal.....	10.5	6
Additional materials required for Congress.....	10.6	6
General requirements:.....	11	
Coverage.....	11.1	7
Exemptions.....	11.2	7
Definitions.....	11.3	7
Materials required for appropriation or fund accounts	11.4	7
Basis for presentation of data in budget schedules...	11.5	8
Advance approval.....	11.6	9

Responsibilities in reporting data.....	11.7	10
General policies:.....	12	
Basis for agency proposals.....	12.1	13
Coverage of the estimates.....	12.2	13
Basis for estimates.....	12.3	14
Required consultations.....	12.4	17
Estimates relating to specific objects of expenditure	12.5	17
Estimates of collections and outlays.....	12.6	21
Information on specific authorizing legislation.....	12.7	22
Significance of Presidential decisions.....	12.8	22
Responsibilities for disclosure with respect to the budget.....	12.9	22
Government Performance and Results Act implementation	12.10	25
Basis for reporting on employment and personnel compensation:.....	13	
Definitions relating to employment.....	13.1	27
Basis for personnel estimates.....	13.2	27
FTE approved levels.....	13.3	29
Budget terms and concepts:.....	14	
Glossary of budget terms.....	14.1	31
Basic budget concepts.....	14.2	34
Investments in U.S. securities.....	14.3	40
Justifications and other reporting requirements:.....	15	
Summary and highlight statement.....	15.1	41
Justification of programs and financing.....	15.2	41

Explanations relating to supplemental appropriation		
requests.....	15.3	45
Information on financial management.....	15.4	45
Rental payments for space and land.....	15.5	46
Information on grants to State and local governments.	15.6	48
Information on motor vehicles.....	15.7	48
Information on consulting services.....	15.8	49
Information on receipts estimates.....	15.9	49
Information on Inspectors General for Designated		
Federal Entities (DFEs).....	15.10	49

II. BUILDING THE BUDGET DATA BASE

Introduction to computer materials:.....	20	
The MAX budget system.....	20.1	51
Reporting data in MAX.....	20.2	52
Account identification codes.....	20.3	52
Establishment of new accounts.....	20.4	53
Summary of MAX line numbers.....	20.5	54
Interrelationships of MAX schedules.....	20.6	57

MAX schedules on budget authority, outlays,		
limitations, and receipts (MAX schedules A, K, R, and		
S):.....	21	
Analysis of budget authority and outlays.....	21.1	59
Data classifications required.....	21.2	59
Line number coding for schedules A and S.....	21.3	61
Receipt account line number coding (schedules K and		
R).....	21.4	65

Baseline estimates (MAX schedules S and K):.....	23	
General instructions.....	23.1	67
Development of baseline estimates.....	23.2	67
Submission of data.....	23.3	69
Character classification (MAX schedules C, K, and R):.	25	
General.....	25.1	71
Definitions.....	25.2	71
Reporting the data and relationships with other data requirements.....	25.3	72
Character classification.....	25.4	72

III. PREPARING THE BUDGET DOCUMENTS

Explanation of print materials:.....	30	
Processing of print materials and related information	30.1	75
Sequence of materials.....	30.2	76
Submitting new print materials.....	30.3	76
Style of presentation.....	30.4	77
Appropriations language:.....	31	
General.....	31.1	79
Form of language submissions.....	31.2	79
Changes in language and amounts.....	31.3	79
Statutory references.....	31.4	80
Appropriations language for credit programs.....	31.5	80
Explanations relating to appropriations language.....	31.6	80

Program and financing schedules (MAX schedule P):.....	32	
General instructions on program and financing schedules.....	32.1	83
Program by activities.....	32.2	83
Data on financing the program.....	32.3	84
Data on relation of obligations to outlays.....	32.4	88
Data on offsetting collections and adjustments to gross budget authority and outlays.....	32.5	89
Data on distribution of budget authority and outlays.	32.6	90
Additional coding requirements for budget authority and balances.....	32.7	90
Program and financing in special cases.....	32.8	91
Agreement with the Treasury Annual Report and the final Report on Budget Execution (Standard Form 133)	32.9	93
 Federal credit data (MAX schedules G, H, U, W, and Y):	33	
Purpose and scope.....	33.1	95
Coverage.....	33.2	95
Requirement for appropriations.....	33.3	95
Background.....	33.4	95
Definitions.....	33.5	95
Materials and data required.....	33.6	100
Direct loan data.....	33.7	105
Guaranteed loan data.....	33.8	106
Program account data.....	33.9	107
Non-print credit data.....	33.10	109
Estimating the subsidy.....	33.11	110
Budgetary treatment of modifications.....	33.12	114

Narrative statements on program and performance:.....	34	
Purpose and content of narrative statements.....	34.1	119
Style and form of narrative statements.....	34.2	119
Narrative statements for major programs financed by multiple budget accounts.....	34.3	119
Narrative statements for revolving funds.....	34.4	120
Narrative statements for Federal credit programs.....	34.5	120
Narrative statements in special cases.....	34.6	121
 Object classification (MAX schedule O):.....	35	
Purpose.....	35.1	123
General rules.....	35.2	123
Personnel compensation.....	35.3	123
Reporting requirements and format.....	35.4	124
Object class definitions.....	35.5	125
 Special schedules:.....	36	
Personnel summary (MAX schedule Q).....	36.1	135
Summary of budget authority and outlays.....	36.2	135
Financial statements (MAX schedules E and F).....	36.3	136
Schedule on the status of contract authority.....	36.4	143
Schedule on the status of funds (MAX schedule J).....	36.5	143
Schedule on unavailable collections (MAX schedule N).....	36.6	145
Budget plan schedule (MAX schedule D).....	36.7	146

IV. ADDITIONAL INFORMATION REQUIRED IN SUPPORT OF THE BUDGET

Data on financial management activities:.....	40	
General.....	40.1	147

Report on resources for financial management		
activities.....	40.2	147
Report on financial management systems.....	40.3	148
Information on high risk areas:.....	41	
Updating high risk areas.....	41.1	149
Data on acquisition, operation, and use of information		
technology:.....	43	
Purpose.....	43.1	151
Materials required.....	43.2	151
Information on research and development:.....	44	
General.....	44.1	153
Definitions.....	44.2	153
Materials required.....	44.3	153
Information on drug control programs:.....	45	
General.....	45.1	157
Materials required.....	45.2	157

V. ACTIONS REQUIRED FOLLOWING THE TRANSMITTAL OF THE BUDGET

Amending requests after transmittal of the Budget:

Supplementals and amendments:.....	61	
General policies.....	61.1	159
Definitions.....	61.2	159
Materials required.....	61.3	159
Data to be furnished to Congress.....	61.4	160

APPENDICES

Scorekeeping guidelines.....	A	161
Scoring lease-purchases and leases of capital assets.	B	165
Listing of OMB agency/bureau codes.....	C	169
Explanation of MAX edit checks.....	D	179
INDEX.....		181

EXHIBITS

	Exhibit No.	Page
Relationship of Programs to Account Structure.....	15A	EX-1
Rental Payments for Space and Land.....	15B	EX-2
Consulting Services.....	15C	EX-3
Setting Up Outlay Calculations.....	23	EX-5
Reprinted Galley--Print Material Submission.....	30A	EX-7
Proof Corrections.....	30B	EX-9
Appropriations Language; Without Current Year		
Supplemental Appropriation.....	31A	EX-11
Appropriations Language; With Current Year		
Supplemental Appropriation.....	31B	EX-12
Program and Financing; Annual Account (MAX schedule		
P).....	32A	EX-13
Program and Financing; Revolving Fund (MAX schedule		
P).....	32B	EX-14
Program and Financing Schedule; Program Account (MAX		
schedule P).....	33A	EX-15
Summary of Loan Levels and Subsidy Data (MAX		

schedules U and W).....	33B	EX-16
Program and Financing Schedule; Direct Loan Financing Account (MAX schedule P).....	33C	EX-17
Status of Direct Loans; Direct Loan Financing Account (MAX schedule G).....	33D	EX-18
Balance Sheet; Direct Loan Financing Account (MAX schedule F).....	33E	EX-19
Program and Financing Schedule; Guaranteed Loan Financing Account (MAX schedule P).....	33F	EX-20
Status of Guaranteed Loans; Guaranteed Loan Financing Account (MAX schedule H).....	33G	EX-21
Balance Sheet; Guaranteed Loan Financing Account (MAX schedule F).....	33H	EX-22
Development of Risk Categories.....	33I	EX-23
Analysis of Programs Financed by Multiple Budget Accounts.....	34	EX-25
Object Classification--Without Allocation Accounts (MAX schedule O).....	35A	EX-27
Object Classification--With Allocation Accounts (MAX schedule O).....	35B	EX-28
Financial Statements; Statement of Operations (MAX schedule E).....	36A	EX-29
Financial Statements; Balance Sheet (MAX schedule F).	36B	EX-30
Report on Resources for Financial Management Activities.....	40A	EX-31
Report on Financial Management Systems.....	40B	EX-32
Schedule for High Risk Areas.....	41	EX-33
Agency-wide Summary on Obligations for Information Technology.....	43	EX-35

Research and Development Activities.....	44A	EX-37
Technology Transfer Activities.....	44B	EX-38
Schedule of Drug Control Data by Program.....	45A	EX-39
Schedule of Drug Control Data by Account.....	45B	EX-40
Federal Employee Drug-Free Workplace Program.....	45C	EX-41
Supplemental Request; Appropriations Language.....	61A	EX-43
Budget Amendment; Appropriations Language.....	61B	EX-44
Supplemental Request; Program and Financing Schedule.	61C	EX-45

OMB CIRCULAR NO. A-11

ANALYSIS OF CHANGES

Revised July 1994

Note: An electronic version of this circular is available for downloading. Contact the Budget Review and Concepts Division on (202) 395-3172 for instructions.

Old	New	
Sec. No.	Sec. No.	Change

10.1	10.1	The overview of the Executive budget formulation process reflects the Administration's emphasis on greater participation of agency heads and their staff.

10.3 10.3 Initial budget submissions for cabinet and other agencies subject to executive branch review are due September 9th.

Beginning September 9th, agencies will be required to provide information on their budget requests through the MAX budget system.

12.3(e) 12.3(e), FTE estimates should be consistent with the
13.4(a) 13.3(a) limitations set in the Federal Workforce Restructuring Act of 1994.

-- 12.3(h), Guidance is provided on implementation of the
 12.10 Government Performance and Results Act.

-- 12.3(i), Estimates should reflect the Administration's
 12.3(j) commitment to enhancing customer service and
 implementing a federal electronic commerce
 system.

-- 12.3(l) Guidance on requesting multi-year appropriations has been provided.

13.2	35.3	Definitions relating to personnel compensation are now included in the section on object classification.
13.3(a)	13.2(a)	Agencies are required to provide information on cash awards during the PY.
--	13.3(d)	The policy on transfers of FTEs associated with agencies entering into contracts to perform work on a reimbursable basis has been revised.
13.4(b), 36.1	13.3(b) 36.1	For accounts that have allocations to other agencies, the allocation FTEs are to be reported in the personnel summary of the receiving agency without separate identification.
14.2(a), 32.4	14.2(a), 32.4	Within the obligated balances reported in the program and financing schedule, unliquidated obligations and receivables from other government accounts will be presented separately.
15	15	General instructions on justification

requirements, including the summary and highlight memorandum, have been revised to make the submissions more useful to both the agencies and OMB.

15.2	15.2	The agency request should be consistent with the funding levels included in policy guidance; agencies are not required to identify and discuss the implications of multiple funding options, unless the request is not consistent with policy guidance.
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15.2(a), 47	15.2(a)	Justification materials will include information on performance indicators and performance goals, infrastructure investment and grant programs, and agency restructuring or process reengineering activities; information on program evaluation activities and agencies' program evaluation agenda has been incorporated into the justification materials.
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A ranking of program elements and related funding levels is no longer required.

--	15.4	Agencies are required to include information on the status of and plans for financial management
----	------	--

in their justifications.

- 15.7 -- Information on "takings" under the Fifth Amendment of the Constitution is no longer required.
- 15.9 -- Reports on lease-purchases and capital leases are no longer required.
- 20.4(c) 20.4(c) Receipt classifications will no longer distinguish between collections received from on-budget and off-budget accounts; a new receipt classification has been added for undistributed offsetting governmental receipts.
- 21.2 21.2 The grant/non-grant split for budget authority and memorandum entries for grant outlays are no longer required in MAX schedules A and S.
- 21.3(c) 21.3(c) Gross outlays from offsetting collections will be reported separately from other outlays from current and permanent authority.

Separate memorandum entries will be used to

report outlays from special fund and trust fund
budget authority in MAX schedule A.

23.2(b) 23.2(b) Explanations of the automatic outlay
calculations in MAX have been clarified.

25.1, 25.4 25.1, 25.4 Agencies are required to report budget
authority, as well as outlays, by character
class in MAX schedule C.

32.3 32.3 Trust fund appropriations will be reported
separately from general and special fund
appropriations in MAX schedule P.

32.5 32.5 The distribution of offsetting collections by
source has been modified.

33.5 33.5 The treatment of downward reestimates in
mandatory programs has been clarified.

33.7, 33.7 MAX schedule G has been separated into two
33.8 33.8 separate schedules; schedule G will be used for
direct loans, and schedule H will be used for

guaranteed loans.

33.9 33.9 MAX schedules U and W reporting requirements for programs with zero and negative subsidies have been clarified.

33.10 33.10 Instructions regarding interest paid to Treasury and interest received from Treasury by financing accounts have been clarified.

Requirements for reporting interest paid to the FFB and supplementary credit data for program accounts have been deleted.

33.11 33.11 Subsidy reestimates that are both less than \$1 million and 5 percent or less of the pre-reestimate subsidy value currently recorded in that cohort may be omitted from the current year column of the budget.

33.12 36.3 Instructions on financial statements for financing accounts are included in the section on financial statements.

34.1	34.1	<p>Narrative statements should include data on significant performance indicators, where appropriate.</p>
--	34.3	<p>Narrative statements for programs that are financed by more than one budget account will include a table showing the sources of funding for the program.</p>
35.4	35.5	<p>The object class treatment of payments related to the buy-outs authorized by the Federal Workforce Restructuring Act of 1994 is explained.</p> <p>Agencies should note that further object classification splits may be required for contractual services in the FY1997 Budget.</p>
36.3	36.3	<p>The titles of the financial statements (MAX schedules E and F) have been changed to "statement of operations" (formerly called "revenue and expense") and "balance sheet" (formerly called "financial condition").</p> <p>Financial statements have been revised to be consistent with the form and content</p>

requirements for audited financial statements issued in OMB Bulletin No. 94-01.

PY-1 data will be reported for the statement of operations.

Statements of operations are no longer required for credit financing accounts.

Exemptions from the requirement for financial statements may be granted by OMB, if the statements are not otherwise required by law.

36.5	36.5	Agencies are required to enter data on the status of funds into new MAX schedule J.
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In addition to the trust funds that have traditionally reported status of funds data, certain other funds are now required to report these data.

36.6	36.6	Reporting requirements for the schedule on unavailable collections (MAX schedule N) have been substantially reduced; most of the information required to produce the schedule will be derived from data in MAX schedules P and R.
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--	36.7	The Department of Defense-Military will report data for the budget plan in MAX schedule D.
40.2	40.2	Reporting requirements on resources for financial management activities have been revised; resources will not be reported separately for the CFO organization; several reporting categories have been deleted, and summary-level data on audit of financial statements have been added.
40.3, 40.4	--	Requirements for data on credit management and debt collection level of effort and detail on the audit of financial statements have been incorporated into the report on resources for financial management (exhibit 40A).
42	--	Instructions related to data on credit management and debt collection activities have been deleted.
43.4	40.3	Requirements related to reporting on major information system initiatives have been

revised; this information will only be required for financial management and mixed systems.

- 43.5 -- Requirements for agency acquisition plans have been deleted.
- 43.6 43.2(a) The threshold for the agency-wide summary on obligations for information technology has been raised to \$50 million and the reporting categories have been revised, consistent with acquisition categories used by GSA.
- 43.7 43.2(b) Benefit-cost analyses prepared pursuant to OMB Circular No. A-130 will be submitted to OMB only when requested by the OMB examiner.
- 44 44 Data on crosscutting research and development (R&D) activities and technology transfer activities will be collected in MAX; specific instructions on reporting these data will be provided separately by OMB.
- Narrative statements on R&D, crosscutting R&D, and technology transfer activities are no longer required.

46 -- Instructions related to federal facilities
 environmental cleanup and compliance activities
 have been deleted.

48 -- Instructions related to data on education have
 been deleted.

Appendix B Appendix B Risk of ownership has been dropped from the list
 of criteria that must be met to classify a lease
 as an operating lease.

SUMMARY OF MAX LINE CODE CHANGES

Note: The MAX User's Guide is a comprehensive reference document
that describes OMB's computer system. It is available from the Budget
Review and Concepts Division, OMB (Phone: 202-395-6934)

MAX Schedule, Line Code, and Title	Change
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Analysis of Budget Authority, Outlays, and Limitations (A and S)

9311 Outlays from new spending authority from offsetting collections	Add
9321 Outlays from non-defense balances of spending authority from offsetting collections	Add
9331 Outlays from obligated defense balances of spending authority from offsetting collections	Add
9341 Outlays from unobligated defense balances of spending authority from offsetting collections	Add
9900 Outlays for grants to State and local governments	Delete

The following changes apply to schedule A:

9950 Outlays from special funds	Add
9960 Outlays from trust funds	Add

Personnel Summary (Q)

3X0X Allocation account--direct	Delete
4X0X Allocation account--reimbursable	Delete
8X0X Limitation account--allocation	Delete

Program and Financing (P)

Current authority:

4026 Appropriation (trust fund, definite)	Add
4027 Appropriation (trust fund, indefinite)	Add
5026 Reappropriation (trust fund, definite)	
5027 Reappropriation (trust fund, indefinite)	Add

Permanent authority:

6026 Appropriation (trust fund, definite)	Add
6027 Appropriation (trust fund, indefinite)	Add

6028	Appropriation (unavailable balances) (Note: was previously line code 60.26)	Renumber
6526	Advance appropriation (trust fund, definite)	Add
6527	Advance appropriation (trust fund, indefinite)	Add
	Obligated balance, start of year:	
7210	Receivables from other government accounts	Modify
72xx	Unpaid obligations	Modify
	Obligated balance, end of year:	
7410	Receivables from other government accounts	Modify
74xx	Unpaid obligations	Modify
	Offsetting collections from:	
8800	Federal sources	Modify
8830	Trust funds	Delete
8845	Offsetting governmental	Add
8850	Off-budget Federal accounts	Delete

Federal Credit Data (G, H, U, W, and Y)

New MAX schedule H will be used to report presidential policy data for guaranteed loans; MAX schedule G will be used for direct loans.

1233	Purchase of loan assets from a liquidating account	Add
1350	Default rate	Delete
1360	Interest rate	Delete
2350	Default rate	Delete
2360	Interest rate	Delete
	Addendum:	
2364	Other adjustments, net	Add
4310	Interest paid to the FFB	Delete

Composition of direct loan subsidy:

5010	Interest rate/grace period	Delete
5020	Net default component	Delete
5030	Fees	Delete
5035	Other	Delete
5040	Average loan maturity	Delete
5050	Grace period	Delete
5060	Disbursement rates	Delete

Fees paid to Federal Government:

5070	Commitment fees	Delete
5080	Up-front fees	Delete
5090	Annual fees	Delete

Composition of guaranteed loan subsidy:

5110	Interest rate/grace period	Delete
5120	Net default component	Delete
5130	Fees	Delete
5135	Other	Delete
5140	Average loan maturity	Delete
5150	Grace period	Delete
5160	Disbursement rates	Delete

Fees paid to Federal Government:

5170	Commitment fees	Delete
5180	Up-front fees	Delete
5190	Annual fees	Delete

Fees paid to Non-federal lender:

5210	Commitment fees	Delete
5220	Up-front fees	Delete
5230	Annual fees	Delete
5300	Average recovery rate on defaults	Delete

Unavailable Collections (N)

0199 Balance, start of year	Modify
02xx Receipts	Delete
0368 Offsetting collections	Delete
0400 Total: Balances and collections	Delete
05xx Appropriations	Delete
07xx Balance, end of year	Delete

OTHER CHANGES AFFECTING MAX

Analysis of Budget Authority and Outlays (A and S)

The grant/non-grant split for budget authority is no longer required.

Character Classification (C, K, and R)

The line codes have been renumbered and the last digit will be used to differentiate between budget authority, outlays, and offsetting receipts. A crosswalk between the new and old codes is provided in section 25.4(b).

Budget Plan (D)

A new MAX schedule on obligations for PY-BY by the Department of Defense-Military has been added (see section 36.7).

Financial Statements (E and F)

MAX schedule E has been renamed "Statement of Operations" and
schedule F has been renamed "Balance Sheet."

MAX schedule F has been renumbered and reconfigured to correspond to
entries used in OMB Bulletin No. 94-01, "Form and Content of Agency
Financial Statements." A crosswalk between the new and old entries
is provided in section 36.3(d).

MAX schedule E requires data for PY-1; the schedule is no longer
required for financing accounts.

Status of Funds (J)

A new MAX schedule on balances, cash income, and cash outgo for major
trust funds and selected other accounts has been added (see section
36.5).

List of OMB Contacts

The following lists OMB organizational units with primary
responsibility for Government-wide instructions on certain sections of
this Circular. General questions on the instructions and underlying
concepts should be directed to these units. Agency-specific questions
on the application of the instructions, as well as on sections not
listed below, should be directed to the agency's OMB budget examiner.

LIST OF OMB CONTACTS FOR INFORMATION ON OMB CIRCULAR NO. A-11

Section			Telephone
No.	Description	OMB Contact	No.*
15.4	Information on financial management	Office of Federal Financial Management	395-4534
15.5	Rental payments for space and land	Federal Services Branch, Transportation, Commerce, Justice, and Services Division	395-5090
15.6	Information on State and local Governments	Budget Analysis Branch, Budget Analysis and Systems Division	395-3945
15.7	Information on motor vehicles	Budget Concepts Branch, Budget Review and Concepts Division	395-3172
15.8	Information on consulting services	Procurement Law and Legislation Branch, Office of Federal Procurement Policy	395-3501
15.10	Information on Inspectors General for Designated Federal Entities	Management Integrity Branch, Office of Federal Financial Management	395-6911
40.2	Report on resources for	Office of Federal Financial	395-4534

	financial management activities	Management	
40.3	Report on financial management systems	Federal Financial Systems Branch, Office of Federal Financial Management	395-6903
41	Information on high risk areas	Management Integrity Branch, Office of Federal Financial Management	395-6911
43	Data on acquisition, operation and use of information technology	Information Technology Management Branch, Office of Information and Regulatory Affairs	395-7231
44	Information on research and development	Science and Space Programs Branch, Energy and Science Division	395-3935
45	Information on drug control programs	Transportation, Commerce, Justice, and Services Division	395-4892
--	MAX User's Guide	Budget Review and Concepts Division	395-6934
--	Electronic version of OMB Circular No. A-11	Budget Review and Concepts Division	395-3172

*Area code is 202.

SUGGESTIONS FOR OMB CIRCULAR NO. A-11

TO: Budget Review and Concepts Division

Office of Management and Budget

Reference: Circular No. A-11

Room 6236

725 17th Street, N.W.

Washington, DC 20503

FROM: Name:

Agency:

Daytime Telephone:

Date:

Please use this page to forward suggestions for improvements to the structure and presentation of information in OMB Circular No. A-11. You may attach additional sheets, if necessary. Comments relating to

clarifications and corrections would be most useful. Other comments relating to policy matters should be forwarded directly to your OMB representative.

SUMMARY: NEW EMPHASES IN
OMB CIRCULAR NO. A-11

In the development of last year's budget, the Administration broke new ground by expanding the participation of the Cabinet and major agency heads in each phase of the Executive Branch budget formulation process. For the upcoming 1996 Budget, that participation, as reflected in Circular No. A-11 and elsewhere, will be expanded.

The 1996 budget process will take an important step in the direction of presenting more program performance measures--outputs and outcomes--in the budget and of linking goals to the resources required to produce them. This year's revision of Circular No. A-11 reflects this new direction.

-- Implementation of the Government Performance and Results Act is described in section 12.10. The Act establishes pilot projects in preparation for the requirement that all agencies have performance plans, goals, and reports of results by the year 2000.

-- Agencies are directed to work with OMB to identify performance goals and indicators that will be useful in making and justifying decisions for key programs (section 12.3(h)).

- Agencies are encouraged to include performance goals and indicators in their budget justifications and to include output and outcome measures in the Budget Appendix narrative, where appropriate, instead of workload and other process measures (sections 15.1 and 34.1).

- Agencies are required to provide additional information in their budget justifications and in the printed Budget Appendix on major programs, where program costs are not contained within a single budget account (sections 15.2 and 34.3).

Administration priorities on customer service (section 12.3(i)), electronic commerce (section 12.3(j)), and agency restructuring or process reengineering (section 15.2(a)) are emphasized in this year's Circular No. A-11. Other changes to the circular are summarized in the analysis of changes.

Overview of the Budget Process

10.1. Executive budget formulation process.

During budget formulation, the President establishes general budget and fiscal policy guidelines. Under a multi-year planning system, policy guidance is given to agencies for both the upcoming budget year and for the four following years and provides the initial guidelines for preparation of agency budget requests.

The budget formulation process begins not later than the spring of

each year, at least nine months before the budget is transmitted. Executive branch agencies prepare their budget requests based on the guidelines provided by the President through the Office of Management and Budget (OMB) and the detailed instructions on preparation of budget estimates provided in this Circular.

| Last year, the Executive branch budget review process was expanded
| to provide for greater participation of agency heads and their staff.
| Building on that process, OMB is working with agency staff to identify
| major issues for the upcoming budget; undertake the analysis necessary
| to provide the context for decision-making; identify major options for
| the fall budget review process; and develop and implement multi-year
| plans for analysis of issues that will need decisions in future years.

| Through the spring and summer, the process focuses on review of
| program performance, as well as on ways to ensure efficient use of
| government resources and successful implementation of programs and
| policies. Ideas are exchanged on potential reorganization of
| functions, consolidation of activities, and proposals to restructure
| programs. In addition, a wide range of management practices are
| explored to ensure high quality program performance, evaluation of
| near- and longer-term program results, and timely assessment of the
| need for policy redirection through administrative action or
| legislative changes.

Executive branch departments and agencies are required to submit initial budget materials to OMB beginning early in the fall, in accordance with the schedule in section 10.3. Other materials are submitted later in the fall and winter on a schedule supplied by OMB. Budget data are required for the past, current, and upcoming budget year, as well as for the four years following the budget year.

In the fall, major issues and options will be prepared for

consideration by the President, organized around major Administration themes and crosscutting issues. OMB will then review agency budget requests, based on Presidential priorities, program performance, and budget constraints. A complete set of budget proposals will be presented to the President by early December for his approval.

After the review process is completed, decisions on budget requests are passed back to the agencies. Upon receipt of final decisions for the current and budget year, agencies revise their budget requests to bring them into accord with these decisions. These final estimates are transmitted to Congress in the President's budget. In accordance with current law, the budget must be transmitted to Congress not later than the first Monday in February.

The multi-year planning estimates included in the President's budget then become the starting point in planning for the budget to be transmitted to Congress the following year.

10.2. Executive and congressional budget processes.

The executive budget formulation process described above is prescribed by OMB, in accordance with the Budget and Accounting Act of 1921, as amended. The following timetable highlights significant dates culminating in transmittal of the President's budget and subsequent updates of the budget. It also reflects the congressional budget procedures established by the Congressional Budget Act of 1974 and certain requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as they both were amended by the Budget Enforcement Act of 1990 (BEA).

ACTION TO BE COMPLETED

The Executive		The Congressional
Budget Process	Timing	Budget Process

Agencies subject to executive branch review submit initial budget request materials.	September 9	
Fiscal year begins.	October 1	Fiscal year begins.
Agencies not subject to executive branch review submit budget request materials.	October 15	
	10 days after end of session	CBO issues its final sequester report.
OMB issues its final sequestration report;\1\ President issues sequestration order, if necessary.	15 days after end of session	
	30 days later	Comptroller General issues compliance report.

Legislative branch and the judiciary submit budget request materials.

5 days before President's budget transmittal CBO issues its sequestration preview report

President transmits the budget to Congress, including OMB sequestration preview report.

February 15 Congressional Budget Office reports to the Budget Committees on the President's budget.

Within 6 weeks of President's budget transmittal Committees submit views and estimates to Budget Committees.

OMB issues budget planning guidance.

April 1 Senate Budget Committee reports concurrent resolution on the

budget.

April 15

Congress completes
action on concurrent
resolution.

May 15

House may consider
appropriations bills in
the absence of a
concurrent resolution on
the budget.

June 10

House Appropriations
Committee reports last
appropriations bill.

June 15

Congress completes
action on reconciliation
legislation.

June 30

House completes action
on annual appropriations
bills.

After completion of
action on
discretionary,
direct spending, or
receipts

CBO provides estimate of
the impact of
legislation as soon as
practicable.

legislation.

President transmits the July 15
Mid-Session Review,
updating the budget
estimates.

|OMB and agencies Late June-early
|discuss budget issues August
|and options in
|preparation for fall
|budget review and
|decision making.

August 15

CBO issues its
sequestration update
report.

OMB issues its August 20
sequestration update
report.

\1\A "within session" sequestration is triggered within 15 days
after enactment of appropriations that are enacted after the end of a
session for the budget year and before July 1, if they breach the
category spending limit for that fiscal year. A "lookback" reduction
to a category limit is applied for appropriations enacted after June
30th for the fiscal year in progress that breach a category limit for
that fiscal year and is applied to the next fiscal year.

Note.--OMB also reports to Congress on the impact of enacted legislation and provides an explanation of any differences between OMB and CBO estimates, within 5 calendar days of enactment of legislation.

10.3. Preparation and timing of budget submissions.

This Circular provides instructions on the preparation of agency submissions required for OMB and Presidential review of budget estimates and for formulation of the President's budget. Although the main focus of the Circular is on the preparation of the budget document entitled "Detailed Budget Estimates" and the related data base, the agency submissions also provide the basis for preparation of the rest of the budget, which is prepared centrally by OMB, based on data submitted in response to this Circular.

The required budget materials are submitted to OMB in four phases (see sections 10.3(a)-(d)). Specific deadlines for initial submission materials are indicated below. A general indication of the timing of submissions for computer, print, and additional materials is also provided; specific submission dates for these materials will be provided in a schedule supplied separately by OMB. A table in section 10.4 lists the materials required for each phase of the budget submission.

Agencies may be required by their OMB representative to provide certain data already available in computer format (e.g., floppy disk or computer tape) in that form.

(a) Initial submission.--This submission consists of budget justification and other materials, as described in section 10.4. OMB

may also require that additional materials be included in this submission.

Department/Agency

Due Date

| Cabinet and other agencies subject to September 9.
| executive branch review and the District
| of Colombia.

Executive branch agencies not subject to October 15.
executive branch review.

Legislative branch and the Judiciary. In accordance with the
timetable to be supplied by
OMB.

| In addition, beginning September 9th agencies will be required to
| provide information on their budget requests by account and by Budget
| Enforcement Act category (i.e., budget authority and outlays by BEA
| category) through the MAX budget system (MAX). The MAX data base will
| be locked by September 20th for reporting data for this purpose.
| Additional guidance on this requirement will be provided later.

(b) Computer materials.--These materials consist of data required for MAX, the computer system used to collect and process information needed to prepare the budget. Agencies with computer access to MAX are required to use this system to submit data. Other agencies are

required to provide the necessary data by marking up computer reports provided by OMB. These data are generally submitted to OMB after passback of initial budget decisions. However, agencies should be prepared to provide baseline estimates in October or after enactment of appropriations bills or a continuing resolution. Agencies may also be required by their OMB representative to submit past year data for certain MAX schedules by November 15. Further discussion of the MAX system is found in section 20, "Introduction to computer materials."

(c) Print materials.--These are materials from which the text and text tables printed in the portion of the budget entitled "Detailed Budget Estimates" are prepared. In addition, the printing process provides for the electronic generation of MAX data from OMB to the Government Printing Office (GPO) to produce most of the budget schedules in this portion of the budget. These materials are generally submitted after budget decisions are made. Information on the printing process is contained in section 30, "Explanation of print materials."

(d) Additional materials.--Some additional materials are required and are generally submitted after budget decisions are made.

(e) Conforming to budget decisions.--When an agency is informed of budget decisions or otherwise required by OMB, all print and computer materials will be revised immediately to reflect the action taken. Specific approval must be obtained from OMB prior to submitting materials on a basis other than budget decisions.

All changes that affect other appropriation or fund accounts (such as the amount of transfers) must be coordinated with those responsible for the budget submission for such accounts.

(f) Relationship of submission materials to the budget document.--The following chart describes the relationship of budget

submission materials to the budget document transmitted to Congress.

Insert Chart: BUDSUM.PCX

10.4. Components of the budget submission.

The required budget materials for the initial and subsequent budget submissions are listed below. These materials will be submitted in accordance with the detailed instructions in the sections indicated and the arrangements made by OMB representatives. In addition, the listing indicates those requirements that apply only to certain agencies or under certain circumstances.

Budget submission requirements vary depending on the type of account involved. Section 11.4 includes a table describing requirements for general and special fund accounts, revolving funds, management funds, and trust non-revolving funds.

SUBMISSION REQUIREMENTS

			Applicability of reporting requirements (Requirements apply to all agencies unless otherwise noted.)
Section number	Exhibit number	Components of the budget submission	

INITIAL SUBMISSION

Materials are due to OMB according to the schedule specified in
section 10.3(a), unless otherwise noted below.

15.1 -- Summary and highlight
 statement\1\

15.2 15A Budget
 justifications\1\

15.4 -- Information on
 financial management\1\

15.5 15B Rental payments for Agencies with rental
 space and land payments in excess of \$1
 million.

15.7 -- Information on motor Agencies, as defined in 5
 vehicles U.S.C. 105, that operate at
 least 300 motor vehicles.

15.9 -- Information on receipt Agencies with receipt
 estimates account data.

15.10 Information on Agencies designated to
 Inspectors General for establish an Office of
 designated federal Inspector General in the

entities

Inspector General Act
Amendments of 1988.

40.2	40A	Report on resources for Agencies covered by the financial management activities\1\	Chief Financial Officers Act.
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41.1	41	Information on high-risk areas	Agencies taking corrective actions related to high-risk areas.
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45.2	45A,B,C	Information on drug control programs	Agencies with budget authority or outlays for drug control programs that exceed \$500,000 in any year.
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COMPUTER AND PRINT MATERIALS\2\

21, 23	23	Analysis of budget authority and outlays (MAX schedules A and S)\1\ Receipts estimates (MAX schedules K and R)\1\
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25.3, 25.4 --	Character classification (MAX
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36.6	--	Data on unavailable collections (MAX schedule N)\1\	Agencies with unavailable special and trust fund receipts or offsetting collections.
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36.7	--	Budget plan (MAX schedule D)\1\	DOD-Military only.
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PRINT MATERIALS ONLY:\2\

31	31A,B	Appropriations language	
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34	--	Narrative statements on program and performance\1\	
----	----	--	--

36.4	--	Schedule on the status of contract authority	Agencies with start of year or end of year balances of contract authority upon request by OMB.
------	----	--	--

ADDITIONAL INFORMATION

15.6	--	Information on grants to State and local governments	Agencies with federal grants to State and local governments.
------	----	--	--

15.8	15C	Information on consulting services	Cabinet agencies, the Arms Control and Disarmament Agency, the Agency for International Development, the Environmental Protection Agency, the Federal Deposit Insurance Corporation, the General Services Administration, the National Aeronautics and Space Administration, the Office of Personnel Management, the Resolution Trust Corporation, and the Small Business Administration.
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23.3	--	Impact on the baseline estimates of major regulations, management initiatives, administrative actions, etc. Bridge between current and budget year baseline estimates.
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33.5	33I	Development of risk categories	Agencies with credit programs.
------	-----	--------------------------------	--------------------------------

43.2 43 Agency-wide summary on Agencies with obligations
 obligations for of more than \$50 million
 information for information technology
 technology\1\ activities.

44.3 44A General R&D exhibits\1\

44.3 -- Crosscutting R&D Agencies with R&D levels
 exhibits\1\ exceeding \$1 million for
 individual crosscutting
 areas specified by OMB.

44.3 44B Technology transfer Agencies with R&D levels
 exhibits\1\ exceeding \$10 million and
 technology transfer levels
 exceeding \$100,000.

\1\Previous requirements have changed or new requirements have been
added.

\2\Government-sponsored enterprises should include data in MAX
schedules A, F, G, H, O, P, and Y and provide applicable print
materials.

10.5. Requirements following budget transmittal.

After transmittal of the President's budget, OMB requires submission of additional materials in the following situations.

(a) Supplemental requests and budget amendments.--When circumstances warrant, supplemental requests or budget amendments may be proposed. Information on preparation of supplementals and amendments is found in section 61.

(b) Rescission proposals.--The Impoundment Control Act of 1974 (Public Law 93-344), as amended, requires the President to transmit a special message to Congress whenever a rescission of budgetary resources is proposed.

(c) Deferrals.--The Impoundment Control Act of 1974 (Public Law 93-344), as amended, also requires that special messages be transmitted to Congress when funds are withheld temporarily from obligation.

Supplementary messages are transmitted to Congress when information contained in a special message concerning a rescission proposal or deferral transmitted previously is revised. Instructions on agency reporting procedures and required submissions to OMB are provided in Part VII of OMB Circular No. A-34.

(d) Mid-Session Review.--The President is required by law to send a report to Congress updating budget estimates on or before July 15. This report contains revised budget estimates resulting from changes in economic assumptions, Presidential initiatives, and completed congressional actions that have occurred since transmittal of the budget. Instructions on preparation of estimates for the Mid-Session Review will be issued separately.

10.6. Additional materials required for Congress.

Agencies are reminded of the requirement to report in agency budget justifications to the Congress on implementation of plans to convert to the metric system, as prescribed by Public Law 100-418.

Agencies are required to identify funds requested for energy conservation measures in agency budget justifications to the Congress, pursuant to Public Law 100-615.

Agencies are also reminded that all proposed budget justification materials prepared for Congress must be submitted to OMB for clearance prior to transmittal to Congress (see section 12.9).

General Requirements

11.1. Coverage.

The instructions in this Circular apply to all agencies of the Government and Government-sponsored enterprises, except as specified in section 11.2. Budget submissions must be prepared in accordance with these instructions, unless a specific exception is approved in writing by OMB. Requests for exceptions must be submitted to OMB in writing by August 1, as prescribed by section 11.6(a). Exceptions approved by OMB are valid only for one year.

Questions concerning the application of these instructions should be addressed to the agency's OMB representative.

11.2. Exemptions.

Although budget submissions are required from agencies with budgets not subject to executive branch review, general policies,

justification requirements, and instructions on additional data are not applicable. Agencies not subject to executive branch review include the:

- legislative branch;
- judiciary;
- Milk Market Orders Assessment Fund of the Department of Agriculture;
- International Trade Commission; and
- Federal Reserve System Board of Governors.

The budgets of the following Government-sponsored enterprises are also not subject to review:

- Student Loan Marketing Association;
- College Construction Loan Insurance Association;
- Federal National Mortgage Association;
- Federal Home Loan Mortgage Corporation;
- Banks for cooperatives;
- Farm credit banks;
- Federal Agricultural Mortgage Corporation;
- Federal home loan banks;
- Financing Corporation; and
- Resolution Funding Corporation.

11.3. Definitions.

For the purposes of this Circular, "agency" designates departments and establishments of the Government and "bureau" designates the principal subordinate organizational units of an agency.

The following phrases and abbreviations are used in these

instructions to identify specific fiscal years:

Fiscal Year	Description

Past year-1 (PY-1)	The fiscal year immediately preceding the past year.
Past year (PY)	The fiscal year immediately preceding the current year; the last completed fiscal year.
Current year (CY)	The fiscal year immediately preceding the budget year.
Budget year (BY)	The next fiscal year for which estimates are submitted.
Budget year+1 (BY+1)	The fiscal year following the budget year.
Budget year+2 (BY+2)	The second fiscal year following the budget year.
Budget year+3 (BY+3)	The third fiscal year following the budget year.
Budget year+4 (BY+4)	The fourth fiscal year following the budget year.

11.4. Materials required for appropriation or fund accounts.

Appropriation or fund accounts, as defined in section 11.5, are the basic building blocks of agency budget submissions to OMB and of the

President's budget. More specifically, data are reported and presented at the account level in the budget and aggregated to provide the totals in the President's budget. In addition, appropriation or fund accounts are the basis for congressional action on the budget.

Budget schedules and related print materials are required for the various types of appropriation and fund accounts, as indicated below. Instructions on the preparation of these materials are included in sections 30-36. Computer materials are also required at the account level. Instructions on submission of computer materials are included in sections 20-25.

Revolving funds

Trust funds

Type of print	General and special	(including trust	
(excluding trust			
material	fund accounts	revolving funds)	Management
funds	revolving funds)		

Appropriations	Required (if there	Required (if there	Required (if
there	Required (if there		
language sheet	is language for the	is language for the	is language
for the	is language for the		
(section 31)	current year or	current year or	current year
or	current year or		
	budget year).	budget year).	budget year).
budget year).			

Program and financing Required.

Required for funds Required.

Required for funds

schedule (section 32)

and for annual

and for annual

limitations.

limitations.

Schedules on status Generally not
applicable. Generally not

Required for all Not

of direct loans and required.

accounts with direct

applicable.

guaranteed loans

loan or loan

(section 33)

guarantee

activities.

Summary of loan Required for all
applicable. Not applicable.

Not applicable. Not

levels, subsidy program accounts

budget authority, and with direct loan or

outlays by program loan guarantee

(section 33) subsidies.

Narrative statements Required.	Required, except where there is no performance (section 34)	Required.	Required.
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Schedule of object Required for funds classification and for annual (section 35) limitations.	Required.	Required for funds and for annual limitations.	Required.
--	-----------	--	-----------

Personnel summary Required when (section 36.1) personnel is compensation is object reported in object 11.3, class 11.1 or 11.3,	Required when personnel compensation is reported in object class 11.1 or 11.3,	Required when personnel compensation is reported in object class 11.1 or 11.3,	Required when personnel compensation reported in class 11.1 or
---	--	--	--

FTE	except for FTE	except for FTE	except for
	allocations.	allocations.	allocations.
allocations.			

Summary of budget where	Required where Required where	Required where	Required
authority and outlays applicable.	applicable.	applicable.	applicable.
applicable.			
(section 36.2)			

Statement of applicable.	Not required. Not required.	Required for	Not
operations; balance		Government-sponsored	
sheet (section 36.3)		enterprise funds,	
		credit financing	
		accounts, and where	
		otherwise required	
		by the Government	
		Corporation Control	
		Act or other laws.	

	Generally required
	for other public
	enterprise and trust
	revolving funds.

Schedule on status of Required upon OMB applicable.	Required upon OMB	Required upon OMB	Not
contract authority request.	request.	request.	
request.			
(section 36.4)			

Schedule on status applicable.	Required for certain Required where	Required where	Not
of funds (sec. 36.5)	accounts.	applicable for trust	
applicable.			
		revolving funds.	

Receipt account data, which are included in the budget data base,

are also used to derive budget totals. Instructions on submission of computer materials for receipt accounts are included in sections 20 and 21. While these data are not printed in the budget at the account level, receipt data are reflected in printed budget summary tables.

11.5. Basis for presentation of data in budget schedules.

General rules on presentation of data in budget schedules are discussed below. Specific instructions on the format and style of presentation of required materials are found in section 30.4.

(a) Appropriation or fund accounts.--Congress provides budget authority by appropriating amounts to appropriation or fund accounts for a specific period of availability (i.e., annual, multi-year, or no year availability). An appropriation or fund account is established in the Treasury for each successive annual or multi-year appropriation for a given purpose under the same or similar titles. However, for the reporting requirements in this Circular and presentation of data in the budget, appropriations and other types of budget authority provided to an account with the same or similar titles for the years covered by the budget are considered to be a single account under a single title. In addition, two or more accounts may be merged or consolidated for budget presentation purposes into a single account under some circumstances (see sections 11.5(f), (g), and 20.4(b)). (Note: Budget execution data required by OMB Circular No. A-34 are generally reported for each separate appropriation or fund account established by Treasury (i.e., each account with different availability) rather than at the level of aggregation required for budget presentation.

(b) Establishment of new accounts.--Budget schedules may reflect

proposals to establish new accounts, if approved in advance by OMB (see sections 11.6 and 20.4). Proposals for new accounts should be consistent with the guidelines described below.

(1) In general, appropriation accounts should provide the basis for effective control over agency programs and should facilitate the presentation of information for both the congressional and the executive branch budget processes. Toward this end, proposed programs that are closely related to existing appropriation accounts should be included in those accounts.

(2) Major new programs that are significantly different from others in substance or in type should be in separate budget accounts.

(c) Reimbursements.--Advances or reimbursements lawfully credited to appropriation or fund accounts and the corresponding obligations will be included in the budget schedules of these accounts.

Advances received under the authority of the Economy Act (31 U.S.C. 1535 and 1536) will be included as collections in the appropriation or fund account that actually provides the service or materials.

(d) Allocations.--These are amounts of budget authority and other resources transferred to other agencies or bureaus to carry out the purposes of the parent account that are placed in separate Treasury transfer appropriation accounts. For the purposes of budget presentation, the budget schedules of the parent account will reflect these transactions as a part of that account's regular activities. Only object class schedules will identify allocations separately (see section 35.4). (See section 13.3(c) for the treatment of allocations of FTE employment.

(e) "Feeder" accounts for revolving funds.--These are appropriation accounts whose budgetary resources are available only for transfer to specified revolving fund accounts. Amounts included in feeder accounts

are reflected without separate identification in the presentation of the revolving fund to which they relate.

(f) "Merged" accounts.--In some circumstances, amounts from several accounts are merged into a single account for budget presentation purposes.

(1) When two or more appropriation accounts have been replaced by a single appropriation, amounts in the old accounts will be merged into schedules for the single account (see section 32.8(g)).

(2) It may be desirable to propose merger of several appropriations into a single account and to request the budget year appropriation on that basis. The objective of account mergers is to permit flexibility in achieving program goals by managing and budgeting at a higher level of aggregation. While aggregation of accounts may be desirable, this objective should be balanced against other needs, including the need for public disclosure and review and control by the President and Congress.

(g) Consolidated schedules.--A single set of schedules for two or more accounts of a bureau (or of an agency when appropriations are not made by bureaus) will be submitted for:

--Federal fund accounts for which no budget authority is anticipated after the past year;

--permanent appropriations of the general fund and special funds for similar purposes or where accounts contain small sums that have no direct bearing on programs financed by current appropriations; and

--small trust fund accounts.

(See section 20.3 for a description of account identification codes for consolidated accounts and section 32.8(h) for budget presentation of these schedules.)

(h) Accounting adjustments.--Those accounting adjustments between

appropriations authorized by 31 U.S.C. 1534 will be made without separate identification in the budget schedules.

11.6. Advance approval.

Advance approval by OMB is required for exceptions to requirements in this Circular, changes in the format of justification materials, and changes in budget or activity structure, data classifications assigned at the account level, and appropriations language, as described below.

(a) Exceptions to Circular No. A-11 requirements.--Requests for exceptions to specific requirements of this Circular must be submitted to OMB, with full written justification, by August 1. Approved exceptions are valid only for the year in which they are granted, although they may apply to all years shown in the budget.

(b) Justification materials.--Specific information and format requirements are determined in consultation with OMB representatives. Advance approval must be obtained before modifications are made to the standard justification material requirements used to present program and financial information.

(c) Budget structure.--As a general rule, approval for changes in budget structure should be requested by October 1, unless OMB specifies an earlier due date. Changes dependent on pending decisions or resulting from late congressional action or from other circumstances beyond agency control should be submitted as soon as possible after October 1.

Changes in budget structure include establishment of new accounts (see section 20.4), changes in account titles, account mergers, changes in sequence of existing accounts, and new methods of financing.

When prospective internal reorganizations are likely to necessitate budget structure changes, OMB approval of the revised budget structure should be obtained prior to the reorganization. A request for such approval, in the form of a letter or memorandum, must be submitted as early as possible.

Until requests are approved, budget materials should be based on the existing structure. If changes are approved, budget schedules and other materials will be revised accordingly.

(d) Activity structure.--Agency proposals to change the activity structure, including the use of subactivities, in the program by activities section of the program and financing schedules should be submitted prior to the initial budget submission (see section 32.2).

(e) Functional, subfunctional, character, and receipt classification.--Reorganizations, program reorientations, or revisions in appropriation structure sometimes require changes in functional, subfunctional, character, and receipt classifications. Requests for changes in these classifications for existing accounts should be made prior to the initial budget submission (see sections 20.4 and 25.4).

(f) Appropriations language.--Advance approval is required when substantive changes in appropriations language are proposed. Such changes should accompany the initial budget submission (see section 31.3).

11.7. Responsibilities in reporting data.

In preparing the budget submission, data will be reported as accurately as possible.

(a) Past year data.--Obligations for the past year must have firm accounting support and be consistent with law, regulations, and any

reports made to Congress. Agency budget officers are responsible for ensuring that offsetting collections, appropriations, transfers, outlays, and balances for the past year agree with the corresponding amounts reported in the final Report on Budget Execution (Standard Form 133) and to the Department of the Treasury. Agency budget and accounting offices should review and reconcile differences in data, to the extent possible, prior to reporting year-end data to the Department of the Treasury and to OMB (see section 32.9). Particular attention should be paid to resolving differences in past year outlays and receipts.

(b) Current year data.--The current year's transactions will be estimated as accurately as possible within the limits of funds presently available or expected to become available during the year.

(c) Certification of obligations.--Section 1108(c) of Title 31, United States Code, requires the head of each Federal agency, in connection with submission of all requests for proposed appropriations to OMB, to certify that any statement of obligations furnished consists of valid obligations, as defined in section 1501(a) of that title. The certification may be in the form of the following paragraph:

"As required by section 1108(c) of Title 31, United States Code, I am reporting that all statements of obligations furnished to the Office of Management and Budget in connection with the [name of agency] requests for proposed appropriations for the fiscal year 19[BY] consist of valid obligations as defined in section 1501(a) of that title."

This certification will be included in the summary and highlight memorandum (see section 15.1) or transmitted separately by the agency head at a later date. In any event, it must be received not later than

November 20.

The primary responsibility for reviewing the status of its accounts rests with the agency managing the appropriation or fund. Agencies should recognize that the reports required by the Department of the Treasury form the basis for compilation and publication of data on over-expended or over-obligated appropriation or fund accounts resulting from agency operations that may be in violation of the Antideficiency Act (31 U.S.C. 1341). Disposition of over-expended or over-obligated amounts is the sole responsibility of the agency managing the appropriation or fund. Agency heads should be aware that, in connection with those reports, they are certifying that obligations are valid and that the amount of obligations or expenditures incurred is proper.

(d) Consistency in reporting transfers.--Responsibilities of the paying or administering agency and the receiving agencies or accounts for estimating and reporting charges and credits between accounts are discussed below.

(1) Where allocations are used.--When reporting budgetary resources, the agency administering the parent account will compile and submit all necessary material (see section 11.5(d)). That agency will obtain whatever information it needs for this purpose from the receiving agencies. See section 13.3(c) for treatment of allocations of FTE employment.

(2) Where payments are made to other appropriations, to revolving funds, to management funds, and to trust funds.--The paying agency will include in its schedules obligations in the amount of the payment. The receiving agency will report such amounts as offsetting collections credited to the appropriation, fund, or receipt account, as appropriate (see sections 14.2, 32.3, and

32.4).

(3) Adjustments of appropriations and balances.--Where there are authorized transfers between accounts that represent adjustments in the amounts appropriated or in balances previously appropriated, both the paying and receiving agencies will be responsible for seeing that the amounts included are identical in the schedules of both the losing and gaining accounts.

General Policies

12.1. Basis for agency proposals.

Agency proposals should result from a comprehensive system that integrates analysis, planning, evaluation, and budgeting and reflects:

- the policies of the President;
- consideration of appropriate roles for Federal, State, and local governments, as well as the private sector, in conducting the activity covered;
- missions, goals, and objectives of the agency, as required by 31 U.S.C. 1105; and
- implementation of the President's policies on management improvement.

State and local officials should be involved in the development of policy and budget priorities and programs having significant State and local impact.

Budget estimates should reflect the judgment of the agency head regarding the scope, content, performance, and quality of programs and activities that are being proposed to meet the agency's goals and

objectives.

Budget estimates should reflect adequate support for accomplishment of approved plans for management improvement in the areas of management integrity and controls, credit and cash management, financial systems, and financial reporting.

In addition, agencies should consider the effect that demographic, economic, or other changes may have on their program levels beyond the BY and be prepared to discuss the impact that program levels and changes in methods of program delivery, including advances in technology, will have on program operations and administration.

12.2. Coverage of the estimates.

(a) Presidential policy estimates for CY and BY.--The regular annual estimates must reflect completely all requirements anticipated at the time of budget submission for:

- continuing activities, including those for which additional authorizing legislation is required for the budget year;
- authorized activities that are proposed for the budget year; and
- amounts necessary to meet specific financial liabilities imposed by law.

Estimates should also reflect decreases for activities proposed for termination.

No supplemental estimate of appropriations or upward amendment of the estimates will be considered later unless it is due to circumstances that were unforeseen at the time the annual estimates were submitted or due to subsequent action by Congress (see section 61).

Legislative proposals.--If, in addition to the regular

appropriations request, it appears probable that proposals for new legislation may require a further budget request or result in a change in revenues or outlays, a tentative forecast of the estimate will be set forth separately in the agency's budget submission. Such proposals must be consistent with items appearing in the agency's legislative program as required by OMB Circular No. A-19.

Amounts for supplemental appropriations required in the current year to meet unforeseen contingencies in programmatic costs will be set forth separately in the agency's budget submission (see section 32.8).

Supplemental requests for the current year normally will be transmitted to Congress with the budget. However, each case will be decided separately after submission of agency budget estimates (see section 15.3). OMB representatives will inform agencies which supplementals will be transmitted with the budget, so agencies can submit the necessary information.

(b) Presidential policy multi-year planning estimates.--Information for the four years following the budget year (BY+1 through BY+4) represent multi-year planning data for:

- Presidential policy estimates; and
- baseline estimates.

These estimates enable the President to evaluate the long-term consequences of proposed program or tax policy initiatives and to make decisions in that context. Baseline estimates provide a basis against which alternatives, including Presidential policy estimates, can be assessed. Multi-year planning policy estimates are discussed below; guidelines for multi-year planning baseline estimates are included in section 23.

Multi-year planning policy estimates will be consistent with the general policies and information required for the budget year and will

indicate the degree to which specific policy decisions made for the budget year or any subsequent year affect budget authority, outlay, and receipt multi-year planning levels. Estimates of budget authority, outlays, and receipts for BY+1 through BY+4 should take into consideration changes in spending trends, economic assumptions, and other actions or events. (See section 12.3(a) regarding economic assumptions.)

Growth in agency workload generally will be assumed to be offset by productivity increases so that related employment should not increase. Personnel currently funded will be utilized to the maximum extent in staffing new programs and expansions of existing programs. Reduced personnel levels should be planned where workload is stable.

Federal payroll cost estimates should assume future pay rate increases at the agency and account level beyond the payroll rates for the current year, as specified in section 13.2(b)(1). In addition, the following three categories of budget accounts should reflect the effects of any future civilian and military pay raises:

- Governmental receipt accounts containing federal employee contributions to federal employee retirement;
- offsetting receipt accounts (employer share, employee retirement) containing employing agency contributions to federal employee retirement; and
- general fund contributions to the federal employee retirement.

Major agencies with accounts in these categories include DOD, State, Treasury, and OPM.

Benefit payment estimates should be as follows:

- Unemployment insurance benefit estimates should be consistent with the aggregate unemployment rate assumptions supplied by OMB.
- Medicare and Medicaid program estimates should be based on the

Department of Health and Human Services forecasts and the latest actual information available. Assumptions on medical care prices related to the consumer price index, utilization rates, number of beneficiaries, and other factors affecting the estimates will be developed jointly by the agency and OMB.

--Other benefit payment program estimates (including old-age, survivors and disability insurance (OASDI); railroad retirement; civilian and uniformed services retirement; supplemental security income; and veterans' compensation, pensions, and readjustment benefits) should be calculated by multiplying the expected number of beneficiaries in each future year by average benefit payments per beneficiary for each future year. The average payments should take into account changes in the earnings base, as applicable, on which the benefit is computed, unless existing law or Administration-supported legislation provides otherwise. When existing or proposed legislation provides for automatic cost-of-living adjustments, the result should be further multiplied by a cost-of-living or other adjustment factor to be supplied by OMB.

12.3. Basis for estimates.

(a) Economic assumptions.--Estimates will be consistent with the economic assumptions provided by OMB. This policy applies to all budget materials including those for the multi-year planning policy and baseline estimates (see sections 12.2(b) and 23). The specific guidance below applies to multi-year policy planning estimates.

| (1) Effect of inflation.--Agency Presidential policy totals approved by OMB will reflect consideration of the effect of

inflation, but they will not necessarily include an allowance for the full rate of anticipated inflation. Approved agency totals may reflect the full inflation rate where such an allowance is required by law and a decision is not made to propose less than is required. For discretionary programs, approved agency totals may include an allowance for less than the full rate of anticipated inflation or even no allowance for inflation.

The policy of permitting consideration of price changes for goods and services as a factor in developing the estimates does not mean that an allowance for the full rate of anticipated inflation should be included automatically in agency requests. If the economic assumptions are revised shortly before final budget decisions are made, these revisions will not usually result in changes to the previous budget guidance on agency totals.

Pay raises will be reflected in agency estimates of personal services costs, rather than in governmentwide allowances, as prescribed in section 13.2(b)(1).

(2) Justification materials.--Each agency is required to identify in its justification materials the anticipated price level changes reflected in the financial resources required to finance each program level.

(b) Unit cost information.--Estimates will be based upon the most economical and efficient manner of carrying on the work of each agency. For this purpose, unit (average) cost information should be developed to permit cost comparison and analysis to determine whether program costs are minimal. Where possible, costs should be separated into fixed and variable components so that marginal costs can be derived in addition to unit costs. Such information will also provide a credible base for projections of future costs and the need for

budgetary resources. Upon request, agencies will provide both unit cost and marginal cost information in the manner specified by OMB representatives.

(c) Federal credit programs.--Agencies will ensure that estimates for all direct and guaranteed lending programs are prepared in accordance with OMB requirements (see sections 31.5, 33, OMB Circular No. A-129, and the OMB credit subsidy model and user's guide).

(d) Government perquisites.--Agencies will ensure that estimates reflect Administration policy to limit the use of government vehicles, government aircraft, first class air travel, executive dining facilities, and conferences, in accordance with Presidential memoranda, dated February 10, 1993.

| (e) Full-time equivalent (FTE) employment.--Estimates will be
| consistent with the limitations set by the Federal Workforce
| Restructuring Act of 1994 (Public Law 103-226).

(f) Administrative expense reductions.--Estimates will reflect the effect of reductions in administrative expenses required by Executive Order No. 12837, dated February 10, 1993.

| (g) Advisory committees.--Agencies will ensure that estimates
| reflect the results of the committee reviews required by Executive
| Order No. 12838, dated February 10, 1993, which required agencies to
| reduce the number and cost of non-statutory advisory committees. The
| reduction ceilings required by the Executive Order remain in effect,
| and agency estimates should reflect the continued reduced number and
| cost of advisory committees in their budget planning. The costs of
| advisory committees established by statute that are being proposed for
| termination will be identified separately (see section 12.2).

| (h) Performance indicators, performance goals, and management
| improvement.--Agencies will ensure that estimates reflect full

|consideration of the Administration's commitment to improve program
|performance, management integrity and controls, program delivery, and
|financial management.

| (1) Performance indicators and performance goals.--Agencies will
| ensure that their estimates reflect the use of program performance
| indicators and performance goals in the manner specified by OMB
| representatives. General submission requirements for performance
| indicators and performance goals are contained in section 15.

(2) High risk areas.--Agencies will ensure that their estimates
reflect approved action plans to correct weaknesses and
deficiencies identified on OMB's high risk list. Submission
requirements on high risk areas are contained in section 41.

(3) Financial systems.--Agencies will ensure that their estimates
reflect plans to achieve a single, agency-wide, integrated
financial management system and CFO plan initiatives. The scope of
agency financial systems activities will include:

--core financial systems, as described in the JFMIP Core Financial
System Requirements Document;

--financial and mixed systems critical to effective agency-wide
financial management, financial reporting, or financial control;
and

--any financial and mixed systems appearing on the high risk list
in the most recent annual budget.

Submission requirements for agency financial management systems
are described in section 40.

| (i) Customer service.--Agencies will ensure that estimates reflect
|fully the Administration's commitment to providing the highest quality
|service possible to the American people. As indicated in the Executive
|Order 12862, it is the Administration's goal to make all aspects of

|the Executive Branch's management practices and operations equal to or
|better than the best service in the private sector.

| In developing estimates, full consideration should be given to
|enhancement of customer service both to federal and non-federal
|clients, based on information obtained from customer service surveys
|and other sources. Estimates should also reflect implementation of
|customer service plans, including training and information collection
|needed to achieve customer service standards.

| (j) Electronic commerce.--Agencies will ensure that estimates
|reflect the Administration's commitment to governmentwide
|implementation of an electronic commerce capability to enable the
|Federal Government and private vendors to electronically exchange
|standardized requests for quotations, quotes, purchase orders, and
|notices of awards. In the President's memorandum of October 26, 1993,
|agencies were instructed to implement a full scale federal electronic
|commerce system that includes electronic payments, document
|interchange, and supporting databases by July 1995. By January 1997,
|governmentwide implementation of electronic commerce for appropriate
|federal purchases should be completed, to the maximum extent possible.

|
| (k) Equal opportunity.--Agencies will ensure that estimates reflect
|fully the Administration's commitment to programs designed to ensure
|or promote equal opportunity regardless of race, color, religion,
|national origin, sex, disability, or age. These civil rights
|activities include implementation of statutes or regulations requiring
|fair housing, nondiscrimination in federally assisted or conducted
|programs, equal credit opportunity, full voting rights, civil and
|Constitutional rights, and equal employment opportunity (including
|nondiscrimination by federal agencies). They also include efforts to

increase federal contracting and subcontracting opportunities for minorities, women, and disadvantaged entrepreneurs.

| (1) Multi-year appropriations.--When developing estimates, agencies
| should consider whether it is appropriate to request appropriations
| with multi-year availability, particularly for buildings, equipment,
| and other types of fixed capital assets, including major ADP and
| telecommunications systems, with long acquisition cycles. Where
| multi-year appropriations requests are appropriate, the period of
| availability should match the expected length of the acquisition
| cycle.

(m) Full funding.--Requests for major procurement programs will provide for full funding of the entire cost. Except for reclamation, rivers and harbors, and flood control projects, requests for major construction programs will also provide for full financing of the complete cost of construction. Estimates should not be submitted for construction funds for major construction projects unless planning will reach a point by the end of the current year that will ensure that a contract for construction could be awarded during the budget year (see also section 12.5(w) on leases of capital assets and lease-purchases). Agencies are reminded that Administration policy and the Antideficiency Act require them to have sufficient budget authority or other budgetary resources to cover the full amount of unconditional obligations under any contract.

(n) Paperwork burden.--Agencies will consider the paperwork burden that has been, and will be, imposed on the private sector and State and local governments as well as within the federal establishment in their review of programs. Recommendations for new or expanded programs must be consistent with the burden-hour allowances provided by OMB.

(o) Taxes and tax expenditures.--Agencies will ensure that their

requests for budgetary resources include full and explicit consideration of the resources being made available by the Federal Government through tax expenditures and other tax provisions, including excise taxes.

(1) Definition.--Tax expenditures are defined as revenue losses attributable to provisions of the federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability (2 U.S.C. 622). They include subsidies provided through the income tax system. Where applicable, budget presentations will use an outlay equivalent measure of these tax expenditures. Agencies are advised that the outlay equivalent measure is not to be considered or referred to as a revenue loss.

(2) Justification materials.--After consultation with the Office of Tax Analysis, Department of the Treasury, proposals for new or modified taxes or tax expenditures will be submitted to OMB with the views of the Office of Tax Analysis and a justification of:

- the nature and extent of the problem addressed by the proposal;
- the reason a subsidy is needed;
- the non-tax alternatives; and
- the reason a tax change is preferable to the non-tax alternatives.

Estimates for revenue legislation must include the impact on other taxes.

In addition, agencies may be required to justify the continuation or reenactment of existing taxes and tax expenditures in the program areas for which they have primary responsibility. Such justifications will reflect consultation with the Office of Tax Analysis and should contain the information described above.

Agencies should also be prepared to furnish, upon request, problem analyses, workload tables, and other materials that will provide explicit quantitative information on the relationship of existing or proposed tax expenditures to proposed budget expenditures.

(p) Performance of commercial activities.--Agency estimates of savings under OMB Circular No. A-76 will reflect the probable results of both cost comparisons and in-house efficiency reviews. Deviations in the actual results of the program from the budget estimates that require an agency to seek additional resources must be supported by the submission of the productivity studies for OMB review. Budget submissions will not reflect tentative results of uncompleted studies, and requests for additional resources will not be considered until after all actions associated with the total study have been completed.

Requests for government resources to modernize, replace, upgrade, or enlarge a government-operated commercial activity involving a cost increase exceeding either 30 percent of the total capital investment or 30 percent of annual personnel and material costs must be justified using the results of A-76 cost comparisons of the total activity.

Justifications for government resources for a new required commercial product or service, or to accomplish work previously provided by contract must include:

- the contracting officer's determination that commercial sources could not meet the requirement at a reasonable price; and
- the results of the A-76 cost comparison conducted after the contracting officer's determination.

As with other activities subject to A-76 review, requests to purchase new aircraft, acquire aircraft through forfeiture, or to perform new or expanded aviation services must be accompanied by an A-76 cost comparison which demonstrates that the purchase of the

product or services is in the government's best interest (see section 12.5(x)).

(q) Use of MAX electronic network.--For the purpose of cost distribution as specified in OMB Circular No. A-130, OMB is the user of MAX. Accordingly, agencies are not required to pay for use of the MAX electronic network required by this Circular.

12.4. Required consultations.

Certain proposals require coordination, as described below, before budget estimates are submitted to OMB.

(a) Tax expenditures.--Agencies are required to consult with the Office of Tax Analysis, Department of the Treasury, prior to submission of budget estimates to OMB and to reflect the views of that office in their justification materials (see section 12.3(o)(2)).

(b) Public works in the National Capital area.--Estimates for construction of public works in the National Capital area will be submitted only after the agency has consulted with the National Capital Planning Commission in the preparation of plans and programs.

(c) Public works in the District of Columbia.--Estimates for plans and construction of buildings and other structures in the District of Columbia that may affect in any important way the appearance of the city, and other questions involving artistic considerations with which the Federal Government is concerned, will be submitted only after consultation with the Commission of Fine Arts.

(d) Construction of nuclear reactors.--Estimates for construction of nuclear research and test reactors will be submitted only after a letter setting forth the recommendations of the Department of Energy has been obtained.

(e) Communications-electronics systems.--Estimates for the development or procurement of major communication-electronics systems (including all systems employing space satellite techniques) will be submitted only after certification by the National Telecommunications and Information Administration, Department of Commerce, that the radio frequency required for such systems is available.

(f) Federal public buildings.--Consultation with the Federal Emergency Management Agency is required prior to submission of budget estimates for design and construction of federal public buildings (see section 12.5(d)).

(g) Pollution control and treatment projects.--Estimates for design and construction of federal facilities or remedial environmental projects will be submitted only after consultation with the Environmental Protection Agency (EPA) on OMB Circular No. A-106 plans.

(h) Use of foreign currencies.--Where applicable, agencies should refer to Department of Treasury and Department of State guidelines on the use of foreign currencies. Detailed instructions are set forth in the Treasury Financial Manual (chapters 3200 and 9000) and the Foreign Affairs Manual (Volume 4, Chapter 360). In addition, guidance on excess and near excess foreign currencies is periodically issued by OMB. Agencies should consult with the Department of Treasury, International Trade Office, the Department of State's Office of Financial Operations, Banking and Foreign Currency staff, or their OMB representative on questions not addressed by these instructions.

12.5. Estimates relating to specific objects of expenditure.

(a) Hospital care.--In developing estimates for hospital costs, data based on the use of resources allocated by diagnosis-related groups

are the most desirable. Such data should be compared with payment rates of other payers using similar groupings. Care should be taken to clearly indicate whether or not capital and depreciation costs are contained. The estimates should be accompanied by a description of the cost allocation method underlying the data.

The amount of reimbursement collected from third parties as well as other federal agencies should be identified when an agency provides hospital care on a reimbursable basis. The estimates of reimbursements and other income from charges for such care shall be based on such per diem rates as may be established by the agencies specifically authorized to establish such rates for the particular class of patient and type of care involved, unless different rates or charges are established by or pursuant to a specific requirement of law.

(b) Motor vehicles.--Estimates for motor vehicles will not include funds for additional or replacement vehicles if the agency has access to established interagency fleet management system (IFMS) or to anticipated IFMS, except for vehicles excluded from inclusion in IFMS. Proposed purchasers of motor vehicles shall be in compliance with General Services Administration (GSA) instructions. Estimates for sedans and station wagons shall be based on the requirements of GSA's Federal Property Management Regulations and Federal Standard No. 122. Estimates will not exceed price limitations in effect for the current year plus the estimated cost of additional systems or equipment justified to GSA, unless otherwise provided by law. Provisions for replacement of motor vehicles and related equipment will be made in accordance with GSA replacement standards (see section 12.3(d)).

(c) Real property.--Agency estimates for the acquisition of real property will be included in the agency's budget submission. Estimates for acquisition of real property under contract will be consistent

with obligations reported in object class 32. These estimates will be consistent with the policies set forth by the Administrator of GSA, as provided by Executive Order No. 12512.

(d) Design and construction of federal facilities.--Estimates for Federal facilities will be prepared, as described below.

- (1) Pollution control and treatment.--Estimates for the design and construction of Federal facilities and buildings will provide for the installation of pollution control and treatment systems in accordance with OMB Circular No. A-106, Executive Order No. 12088, and any related instructions. Estimates should be consistent with the latest agency plans submitted under OMB Circular No. A-106.
- (2) Safe workplaces.--Estimates for the design and construction of federal facilities and buildings, capital investment, and the purchase of equipment will include amounts required to ensure that existing facilities provide safe and healthful workplaces for federal employees consistent with the standards promulgated under section 19 of the Occupational Safety and Health Act of 1970, the provisions of Executive Order No. 12196, and the related Safety and Health Provisions for Federal Employees of the Secretary of Labor (29 CFR, Chapter XVII, Part 1960).
- (3) Structural barriers in federal buildings.--Agencies will ensure that estimates for construction and renovation of federal facilities and buildings reflect full consideration of the need to eliminate structural barriers impeding the mobility of individuals with disabilities, consistent with the Architectural Barriers Act of 1968.
- (4) Scientific laboratory facilities.--Submissions that propose additional or replacement scientific laboratory facilities should be accompanied by evidence that the agency has reviewed the GSA

inventory of federal laboratories. The agency request should reflect the precise reasons for acquiring new space instead of using existing laboratories having sufficient space available, as reported in the GSA inventory.

(e) User fees.--Agencies should ensure that estimates are developed in accordance with the full cost recovery policy for user fees set forth in OMB Circular No. A-25. Under that circular, user fees normally should recover the full cost of providing goods or services to the public. The exception to this rule is when the government provides goods or services under business-type conditions; in such cases, the user fee should be set at the market price.

In determining full cost recovery, user fee estimates should reflect retirement costs related to provision of the goods or services. For the civil service retirement system, costs should be estimated at 18.1% of base pay; costs related to the federal employees retirement system should be estimated as specified in section 12.5(i).

(f) Construction in flood plains.--As required by Executive Order Nos. 11988 and 11990, estimates for the construction of buildings, structures, roads, or other facilities, whether financed directly by federal funds or through grant, loan, or mortgage insurance programs, should be based upon land utilization plans that preclude the uneconomic, hazardous, or unnecessary use of flood plains or wetlands. Agencies will indicate in their requests whether the proposed activities will be located in a flood plain or wetland and, if so, whether the activities are in accordance with the Executive Orders.

(g) Major systems acquisitions.--Estimates for major systems acquisitions should be developed consistent with the policies set forth in OMB Circular No. A-109.

(h) Federal Employee Compensation Act.--For budget accounts subject

to appropriations action, the budget year estimates will include the amount billed by the Employment Standards Administration of the Department of Labor for benefits paid on their behalf in the past year under the Federal Employee Compensation Act. (For accounts not subject to appropriations action, agencies pay the bill in the current year.)

(i) Federal Employees' Retirement System (FERS).--Estimates for the number of FERS employees in the agency should be based on actual experience. Using the estimated number of FERS employees: agency contributions for the FERS basic annuity should be based on the current FERS normal cost percentage less the FERS employee contribution rate, agency contributions for social security should be based on the current social security contribution rate, and agency contributions to the Thrift savings fund should be based on actual experience.

(j) Unemployment compensation.--In general, agencies should not budget for the costs of unemployment compensation for former federal civilian and military personnel. The congressional intent is that such unemployment compensation be paid from appropriations available to the employing agencies. These reimbursements will be absorbed by the liable agencies when they are required to be paid. For agencies that do not employ large numbers of temporary employees or other personnel expected to lead to significant unemployment compensation claims, the estimates for the current and budget year will contain no special provision for the costs of reimbursing the unemployment trust fund for such payments.

Agencies that employ large numbers of temporary employees to meet part-year workload may request approval from OMB to budget for unemployment compensation costs of their temporary employees. OMB will consider such requests from agencies that demonstrate they have in

operation a sound administrative control system for unemployment compensation claims.

(k) Space and related requirements.--Agency estimates will include payments required for space, structures and facilities, land, and building services provided by GSA and by others. In addition, supporting material for agency budget submissions indicating the total amounts for these charges to be paid to GSA and the basis for distributing these amounts by appropriation will be provided to OMB if agency rental payments amount to \$1 million or more (see section 15.5). Where agencies are experiencing employment reductions, corresponding reductions in space requirements and associated costs should be planned.

(l) Tort claims.--Estimates will not include amounts for payment of tort claims, except where there is a substantial volume of claims presented regularly.

(m) Travel.--Every effort should be made to minimize official travel. Estimates for travel will reflect application of the allowances authorized under the Federal Travel Regulations issued by GSA or under comparable regulations issued by the Department of Defense for travel of military personnel and by the Department of State for foreign service personnel. Estimates will also take into account changes in prices for travel by commercial modes (see section 12.3(d)).

(n) Construction of federally-owned housing.--Agencies should ensure that estimates for construction of family housing for civilian and military personnel (either rental housing or public quarters) are consistent with the following guidelines. These guidelines apply to construction of family housing (including conversions of structures for dwelling purposes), both within the continental United States and

overseas, except for construction of military barracks. (OMB Circular No. A-45, "Policy Governing Charges for Rental Quarters and Related Facilities", provides additional guidance on standards applicable to construction of federally-owned housing.)

- (1) General.--Estimates should not include funding for construction of housing for civilian employees, except where necessary to maintain continuity and efficiency of service. In no case should estimates include funding for construction of family housing for civilian or military personnel if private capital can be found to do the financing.

Unless OMB determines otherwise, estimates for construction of housing must be justified under one or more of the following conditions:

- Where the construction is for public quarters (i.e., where the law authorizes the provision of housing without charge, such as for military public quarters);
- Where construction is necessary to meet requirements for service or protection; or
- Where there is lack of available housing.

Where seasonal demands of the agency's program or remoteness of the station would make housing and transportation costs together unreasonably high, and where such conditions jeopardize the agency's ability to maintain a qualified staff, a request for an exception to these guidelines may be submitted to OMB.

- (2) Requirements of service or protection.--Construction of housing may be justified in cases where the agency head determines that necessary service cannot be rendered, or United States property cannot be adequately protected, unless certain employees are required to live in government quarters at the station. In such

cases, the agency must demonstrate that requirements for service or protection cannot be met if personnel are permitted to live away from the station.

- (3) Lack of available housing.--Construction of housing may be justified at remote stations, at foreign service posts, or under other circumstances when the agency head determines that necessary service cannot otherwise be rendered. In such cases, the agency head's determination must be based on a supportable finding that the available supply--present and prospective--of government and private housing within reasonable commuting distance will not meet the necessary housing requirements. In determining the adequacy of the available supply, consideration must be given to any additional private housing that can reasonably be expected to be constructed or otherwise become available.

Available housing will usually include both housing for sale and for rent, except where rotation of personnel between stations occurs at intervals of approximately three years. In those cases, only rental housing should be considered available.

Reasonable commuting distance is, as a general rule, a distance requiring travel time of not more than two hours per round trip by automobile or public transportation, or resulting in expenses per person of not more than \$5.00 per round trip by public transportation (except in metropolitan areas). Exceptions to this rule may be made by the agency for military necessity; for requirements of service or protection; or if justified on the basis that time and cost involved in commuting would create a hardship upon employees, that local commuting habits differ materially, or that public transportation is not readily available.

Insufficiency or inadequacy of the housing supply can be demonstrated by showing that one or more of the following conditions exist and are likely to be of extended duration:

- that housing cannot be located through realtors or advertisement;
- that the available housing is substandard by reasons of design, construction, or location;
- that, because of size, it is considerably more costly than employees can afford; or
- that employees subject to rotation cannot obtain leases permitting them to vacate on thirty days notice, at prevailing rental rates.

(o) Inpatient care facilities and medical care services.--Estimates for capital improvement of federal inpatient care facilities and plans for provision of major new medical care services will reflect review by State and appropriate areawide agencies in accordance with Executive Order No. 12372.

(p) Automated data processing (ADP) and telecommunications.--Estimates for the acquisition of ADP and telecommunications resources must be consistent with policies set forth in GSA's Federal Information Resources Management Regulation, subpart 201-224.

(q) Interagency and advisory committees.

| Interagency groups (including boards, councils, committees, and
| similar groups).--Financing interagency groups by contributions from
| member agencies' appropriations is prohibited by a governmentwide
| general provision, unless such financing is specifically authorized by
| statute. Therefore, financing for such groups must be proposed in the
| budget in the form of:

- | --appropriations specifically for the interagency group; or
- | --specific language authorizing interagency funding.

Advisory committees.--Agencies will ensure that estimates reflect full consideration of the expenses of advisory committees. In this connection, each agency will be guided by the policies and provisions contained in GSA's Interim Rule on Federal Advisory Committee Management (Federal Register, Vol. 48, No. 83, April 28, 1983, p. 19326) and any related instructions (see section 12.3(g)).

(r) United States mail.--Estimates for official use of the United States mail, package delivery, and/or private carrier service will include a sufficient amount to pay postage due, in accordance with the Postal Service regulations, vendor requirements, and GSA governmentwide mail management instructions in effect at the time estimates are prepared, and will take into consideration changes in program requirements. Estimates should assume maximum use of available postage discounts.

(s) Coastal Barrier Resources Act.--Estimates should not include any new federal expenditures or financial assistance prohibited by the Coastal Barrier Resources Act (Public Law 97 09348).

(t) Water and sewer payments to the government of the District of Columbia.--Estimates should include amounts for payment to the Government of the District of Columbia for water and sewer services, consistent with Administration support of legislation authorizing the District of Columbia to bill individual agencies directly for water and sewer services.

(u) Remedial environmental projects.--Estimates for the design and construction of remedial environmental projects at federal facilities should be consistent with policies set forth in OMB Circular No. A-106, Executive Order No. 12088, and any related instructions.

Estimates should be consistent with the latest plans submitted under OMB Circular No. A-106.

(v) Contractor claims.--Estimates will include amounts for reimbursement of the claims and judgment fund for the full amount paid from the fund on behalf of an agency for contractor claims during the past year under the Competition in Contracting Act.

(w) Leases of capital assets.--Agencies will ensure that leases of capital assets have been justified as preferable to direct government purchase and ownership, in accordance with the policies contained in OMB Circular No. A-94.

Lease-purchases and capital leases will be scored consistent with the scorekeeping rules developed under the Budget Enforcement Act of 1990 (see Appendix A). For all lease-purchases and leases of capital assets, agencies must have sufficient budgetary resources upfront to cover the present value of the lease payments discounted using Treasury interest rates.

For lease-purchases in which the government assumes substantial risk, outlays will be reported over the period during which the contractor constructs, manufactures, or purchases the asset. For capital leases or lease-purchases in which the private sector retains substantial risk, outlays will be reported over the lease period, equal to the annual payments under the lease. The explicit or implicit obligation of the Federal Government to make payments is the most important financial characteristic OMB will review to determine the level of risk involved. OMB will also consider other characteristics in evaluating the level of private sector risk in a project.

Detailed instructions on scorekeeping are included in Appendix B.

(x) Federal Government aircraft.--Estimates will reflect the policies on agency aircraft programs and the results of periodic

reviews of these programs in accordance with OMB Circulars No. A-126 and A-76 (see sections 12.3 (d) and (p)).

12.6. Estimates of collections and outlays.

(a) Collections.--Estimates of collections (see sections 14.1 and 14.2(d)) will be consistent with economic assumptions provided by OMB and will include amounts to be received under proposed legislation, separately identified, as well as under existing legislation.

Estimates of collections resulting from charges for government services and property should be based on policies set forth in OMB Circulars No. A-25, A-45, and A-130, as applicable.

For offsetting and governmental receipts, amounts reported will include all collections credited to the agency's receipt accounts and exclude collections credited to receipt accounts of other agencies (except amounts credited to certain Treasury Department accounts, as explained in section 15.9). Receipts will be reported on the basis of collections credited to receipt accounts during the year, plus or minus the adjustment of those collections. Amounts for the past year will agree with receipts reported to Treasury as shown on Treasury Fiscal Service Form 6655, Receipt Account Trial Balance. For indefinite appropriations of receipts, the amount of estimated collections generally will equal the related estimates of budget authority, except where amounts are precluded from obligation by provisions of law such as a limitation on obligations or a benefit formula (see section 14.2(b)).

Amounts for investment receipt accounts will be reported in accordance with the instructions in section 14.3. Earned discounts, sales premiums, and purchase premiums will be reported to the interest

receipt account (usually, suffix .20).

(b) Outlays.--Agencies have primary responsibility for accurate outlay estimation. In estimating outlays, full account should be taken of time lags between the incurring of obligations and the receipt of, and payment for, goods and services. Estimates should take into consideration the viability of obligations (i.e., the likelihood that unliquidated obligations will have to be paid).

Care should be taken to make realistic estimates of outlays. Outlays are directly involved in determining the size of the deficit and thus in determining overall budget policy. Further, outlay estimation has taken on increasing importance under the Budget Enforcement Act. Outlay estimates should not be used as ceilings, but should represent the best estimate for a given level of program activity.

Methods for estimating outlays will be consistent with policies contained in OMB Circular No. A-34. Instructions on reporting requirements for outlay plans are included in OMB Circular A-34.

(c) Consistency in spendout rates and outlays from prior year balances.--Spendout rates (i.e., the amount of outlays from new budgetary resources made available in that year compared to the amount of such new budgetary resources, expressed as a percentage) and outlays resulting from balances of prior year budgetary resources for Presidential policy and baseline estimates generally should be consistent for each budget account. Outlays from prior year balances should be the same, except where policy proposals restrict or accelerate spending from balances.

If the spendout rates differ between Presidential policy and baseline estimates (e.g., due to a shift in programs within an account), agencies should be prepared to explain the differences.

12.7. Information on specific authorizing legislation.

Congress, congressional committees, the Congressional Budget Office (CBO), and the General Accounting Office (GAO) may request budgetary information related to authorizing legislation. Agencies should be prepared to furnish, upon request and to the extent practicable, information on authorizing legislation by programs, budget functions and subfunctions, accounts, and organization and estimates (budget authority, obligations, and outlays) related to authorizations, enacted or currently before Congress, for the current and prior fiscal years, other than supplementals or rescissions for the current year, for each title and section of authorizing legislation. Information relating to prior and current years (other than supplementals or rescissions for the current year) may be supplied before the President's budget has been transmitted officially to Congress.

Agencies should also be prepared to furnish, upon request, information for all years included in the President's budget relating to amounts authorized (budget authority, obligations, and outlays) and related information for specific provisions of legislation that authorize or are proposed to authorize each program or activity in its submissions with respect to the budget, baseline estimates, estimates related to new legislative proposals, and financial assistance to State and local governments. Agencies should furnish this information to congressional committees, CBO or GAO only after the basic document or proposals that the information requests are intended to amplify, have been transmitted officially to Congress.

12.8. Significance of Presidential decisions.

When the President has considered the estimates for the executive branch and made his decisions, each affected agency will be notified. The nature and amounts of the President's decisions are confidential and will not be released until the budget is transmitted to Congress.

Presidential decisions with respect to current year and budget year estimates (other than forecasts of items that will be transmitted formally later) represent the amounts recommended to Congress. These decisions, both in total and in detail, become the "proposed appropriations" as that term is used in the Budget and Accounting Act of 1921, as amended, and must be so justified by the respective agencies. Furthermore, agency justifications to OMB and any agency future year plans or long-range estimates will not be furnished to anyone outside the executive branch, except in accordance with section 12.9.

Agencies will be notified, at the time Presidential decisions on budget year estimates are made known, of the amount of any current year supplemental estimates to be requested in the budget. However, the forecasts of supplemental items for later transmittal included in the budget are not commitments as to the amounts to be recommended formally to Congress later. The need for each such item will be reviewed again when the estimate is submitted formally by the agency. The amount to be requested will be determined at that time.

Upon receipt of the President's decisions, the agency head will exercise judgment as to the best and most appropriate distribution of those amounts that have been left flexible for consideration. Budget submissions will be revised promptly to bring them into accord with the actions of the President.

12.9. Responsibilities for disclosure with respect to the budget.

(a) Agency testimony before and communications with Congress on budgetary matters.--The nature and amounts of the President's decisions are confidential and will not be released until the budget is transmitted formally to Congress. The executive branch communications that have led to the budget will not be disclosed either by the agencies or by those who have prepared the budget.

In furnishing information on appropriations and budgetary matters, representatives of agencies should be aware of the limitations on such communications, including the limitation that:

"... An officer or employee of an agency may submit to Congress or a committee of Congress an appropriations estimate or request, a request for an increase in that estimate or request, or a recommendation on meeting the financial needs of the government only when requested by either House of Congress" (31 U.S.C. 1108(e)).

Furthermore, agency representatives should be aware of restrictions upon communications to influence legislation that are not conducted through proper official channels (18 U.S.C. 1913).

Following formal transmittal of the budget, an amendment, or a supplemental appropriation request, agency representatives will be guided by the following policies pertaining to budgetary matters when testifying before any congressional committee or communicating with Members of Congress:

- (1) Witnesses will give frank and complete answers to all questions.
- (2) Witnesses will avoid volunteering personal opinions that reflect positions inconsistent with the program or appropriation request the President has transmitted to Congress.
- (3) If statutory provisions exist for the direct submission of

agency budget estimates to Congress, OMB may provide agencies with additional materials supporting the President's budget request to be forwarded by the agency to Congress with agency testimony. Witnesses for such agencies will be prepared to explain the agency submission, the request in the President's budget, and any justification material.

(4) In responding to specific questions on program and appropriations requests, witnesses will refrain from providing the agency request to OMB as well as plans for the use of appropriations that exceed the President's request. Witnesses typically bear responsibility for the conduct of one or a few programs, whereas the President must weigh carefully all of the needs of the Federal Government, and compare them against each other and against the revenues available to meet such needs. Where appropriate, witnesses should call attention to this difference in scope of responsibility in explaining why it is not proper for them to support efforts to raise appropriations above the amounts requested by the President.

(5) Where there is a request for a written submission that will involve a statement of opinion relating to program and appropriations requests, witnesses will arrange for a reply to be provided through the head of the agency.

(6) Agency representatives should be careful that their communications are not perceived to be an "appropriations estimate or request ... or an increase in that estimate or request. ..."

(31 U.S.C. 1108). Agency representatives are expected to support the President's budgetary decisions and seek adjustments to those decisions through established procedures for budget amendments or supplemental appropriations requests if the agency head determines

such action to be necessary.

(b) Clearance of budget-related materials for Congress and the media.--Policy consistency is essential among the various sections of the President's budget, and the budget-related materials prepared by the agencies for Congress and the media. Agencies are responsible for ensuring that these budget-related materials are consistent with the President's budget and are submitted for clearance to OMB, unless a specific exemption from clearance is approved by OMB.

Agencies will submit all proposed budget justification materials to OMB for clearance prior to transmittal to congressional committees or individual Members of Congress or their staff. Agencies also will submit to OMB for clearance budget-related oversight materials.

This information, including initial budget justifications; testimony before and letters to congressional committees; written responses to congressional inquiries or other materials for the record; materials responding to committee and subcommittee reporting requirements; capability statements; appeal letters; reprogramming requests; related cost information; and budget-related materials provided to other congressional committees, in response to their oversight activities, will be provided to OMB in such a manner as to allow OMB five working days to review the material. OMB review of reprogramming requests may take longer than five working days under certain circumstances (e.g., if these requests have not been coordinated in advance with the OMB representative or if supporting materials have not been provided concurrently). In exceptional circumstances where the response time to Congress is very short, agencies may request oral clearance of these materials or make other arrangements with their OMB representatives for expedited review.

Agencies will provide OMB representatives, immediately after the

transmittal of the budget, with a schedule of anticipated congressional reviews of budget materials that require agency oral and written participation. These schedules will be revised whenever appropriate. Schedules will also be submitted to OMB for anticipated reviews of subsequent transmittals of budget requests.

Agencies will also submit to OMB for clearance their proposed press releases relating to the President's budget.

Any questions about coverage of this section, timing, or scope of review should be discussed with the OMB representatives who are normally consulted on budget-related matters.

(c) Clearance of changes in the President's budget.--The prohibition against submissions by agencies to Congress of estimates or requests for appropriations without the approval of the President or request of either House of Congress applies to changes in appropriations language including changes in the limitations or amounts recommended in the budget. When an agency desires to propose such changes, written requests will be presented to OMB in accordance with section 61.

If significant changes are planned in the amount requested or the scope and conditions pertaining to a program of the agency without changing proposed appropriations language contained in the budget on which Congress has been requested to act, the agency will inform OMB. OMB will advise the agency as to whether or not a formal transmittal of the change will be made. This procedure applies to appropriations requests, as well as to other estimates, e.g., business-type statements required by the Government Corporation Control Act.

When it is possible to reduce the amount of an appropriations request before action has been taken by the Appropriations Committee of either House, the head of the agency will inform OMB promptly. Any decision by an agency head to request restoration of a reduction

should be carefully considered, taking into account the reasons for the reduction, the circumstances under which it was made, its significance from the standpoint of the President's program, and other relevant factors.

(d) Information available to the public.--Although it is not possible to determine merely by the generic category of records whether an agency would be authorized to withhold records requested under the Freedom of Information Act (FOIA) in every instance, most budgetary documents of an agency that are subject to the FOIA should be exempt from mandatory release pursuant to the provisions of 5 U.S.C. 552(b)(5). Depending upon the nature of the record requested, other exemptions to the FOIA may apply, or the release of records may be inappropriate even after the end of the fiscal year to which the records pertain. In deciding whether to withhold a budget document under applicable exemption, an agency should follow the memoranda on FOIA issued by the President and the Attorney General on October 4, 1993. Whether a document concerns a future, current, or past fiscal year will be a significant factor in deciding whether it should be withheld under FOIA Exemption 5. The release of a document is more likely to harm the budget process if it concerns a future fiscal year (or the current fiscal year) than if it concerns a past fiscal year. Agency heads will be held responsible for determining the propriety of releases of records under the FOIA pertaining to budgetary matters.

Certain agencies headed by a collegial body may be required to hold their meetings open to public observation unless the agency properly determines that the matter to be discussed warrants the closing of those meetings for reasons enumerated in the Government in the Sunshine Act (Public Law 94-409). Some meetings covered by that Act may pertain to budgetary information discussed in this Circular.

Although, as with the FOIA, it is not possible to determine merely by the generic category of such information whether such an agency would be authorized to close a particular meeting covered by the Government in the Sunshine Act, the premature disclosure of budgetary information may "be likely to significantly frustrate implementation of a proposed agency action" (5 U.S.C. 552b(c)(9)(B)). Furthermore, other exemptions from the open meeting requirements of the Act may apply. Such agencies will be held responsible for the propriety of determinations that would lead to the disclosure of this budgetary information.

12.10. Government Performance and Results Act implementation.

| (a) Background.--The Government Performance and Results Act (GPRA),
| Public Law 103-62, requires agencies to do the following:

- | --develop strategic plans prior to FY 1998;
- | --prepare annual plans setting performance goals beginning in FY
| 1999; and
- | --report annually on actual performance compared to performance
| goals; the first such report is due in March 2000.

| Two sets of pilot projects are required over the next several years
| to test and demonstrate: (1) annual performance plans and reports, and
| (2) managerial accountability and flexibility. At the conclusion of
| these pilot projects, OMB and GAO separately report to Congress in
| 1997 on the results and assess the government's ability to begin
| full-scale implementation.

| A third set of pilot projects on performance budgeting are required
| during fiscal years 1998 and 1999. OMB reports to the President and
| Congress in 2001 on the results of this set of pilots with
| recommendations on whether performance budgeting should be required.

| (b) Definitions.--This section contains the definitions of key terms
| found in GPRA.

| (1) Outcome measure means an assessment of the results of a program
| activity compared to its intended purpose.

| (2) Output measure means the tabulation, calculation, or recording
| of activity or effort and can be expressed in a quantitative or
| qualitative manner.

| (3) Performance goal means a target level of performance expressed
| as a tangible, measurable objective, against which actual
| achievement can be compared, including a goal expressed as a
| quantitative standard, value, or rate.

| (4) Performance indicator means a particular value or characteristic
| used to measure output or outcome.

| (5) Program activity means a specific activity or project as listed
| in the program and financing schedules of the annual budget of the
| United States Government.

| (6) Program evaluation means an assessment, through objective
| measurement and systematic analysis, of the manner and extent to
| which federal programs achieve intended objectives.

| (c) Implementation Activity.--Agencies are encouraged to begin the
| work necessary to include more program performance indicators and
| performance goals in the budget decision-making process and budget
| document. In this regard, the focus should be toward developing
| quantitative and qualitative measures of outputs and outcomes. It
| is emphasized that the spirit and experience of GPRA should not be
| limited only to the designated pilot programs. For the FY 1996
| Budget, agencies are encouraged to do the following:

| --increase the development and use of output and outcome based
| performance information in the budget decision-making process

| and budget justification materials;
| --review all program workload and performance information used in
| the FY 1995 Budget and increase the use of output and outcome
| based measures;

| It is recognized that implementation of GPRA and the development of
| output and outcome measures is a difficult and complex process. The
| efforts started this year are expected to be a first step toward
| development of policies, procedures, and practices which will evolve
| over the course of the GPRA timetable.

| (d) Performance indicators developed under the Chief Financial
| Officers Act.--In the development of program performance indicators
| related to GPRA implementation, agencies are encouraged to review the
| program performance information included in their most recent
| financial statements pursuant to the Chief Financial Officers Act.
| Where appropriate, GPRA efforts this year can build on the experience
| under the Chief Financial Officers Act. (See additional requirements
| related to program performance information in section 15).

| (e) Table.--The following sections contain guidance related to
| program performance information:

| GUIDANCE ON PERFORMANCE INFORMATION

| -----

| 12.3(h) General policies on performance indicators and performance
| goals.

| 15.2 Use of performance indicators and performance goals in budget
| justifications.

| 34.1 Performance indicators and performance goals in Budget
| Appendix narrative statements.

Basis for Reporting on Employment and Personnel Compensation

13.1. Definitions relating to employment.

An employee, as defined in 5 U.S.C. 2105, is an officer or individual who is appointed under a delegated authority, is engaged in the performance of a Federal function, and is subject to the supervision of an officer or employee of the Federal Government.

Full-time equivalent (FTE) employment is the total number of regular straight-time hours (i.e., not including overtime or holiday hours) worked by employees divided by the number of compensable hours applicable to each fiscal year. A list of compensable days (with associated hours) for fiscal years 1994 through 2000 is provided in section 13.3(b).

13.2. Basis for personnel estimates.

(a) Personnel.--Estimates relating to personnel will be consistent with the following:

(1) Staffing requirements.--Estimates for staffing requirements will assume that improvements in skills, organization, procedures, and supervision will produce a steady increase in productivity. Personnel will be reassigned, to the maximum extent, to meet new program requirements. Reductions generally should be planned where the

workload is stable. Where automatic data processing (ADP) equipment is installed or enhanced, gains in productivity should result in lower personnel requirements after the first year.

Where appropriate, calculations converting workload to required personnel will use an estimate of available workhours per employee that excludes annual leave, sick leave, administrative leave, training, and other non-work time. Estimates of available time should be based on current data, should reflect steps taken to improve the ratio of available time to total time, and should recognize differences in available time by organization, location, or activity. Exclusion for annual and sick leave should be based on current experience of actual leave taken rather than leave earned. Employment levels reflect budget proposals and assumptions with regard to workload, efficiency, proposed legislation, interagency reimbursable arrangements, and other special staffing methods. Employment intended for proposed legislation, or for carrying out proposed supplemental appropriations, cannot begin until the additional funds become available by congressional action. Employment proposed for activation of new facilities or start-up of new programs cannot begin until the new activity begins. Employment under estimated reimbursable arrangements also cannot begin until such arrangements have been negotiated and justified.

(2) Personnel resources.--Generally, estimates of personnel resources will be based on the total number of regularly scheduled straight-time hours (worked or to be worked) and on a standard workyear containing 52 workweeks of 40 hours each, i.e., 260 compensable days or 2,080 hours, plus the extra compensable days, if any, occurring in a given fiscal year. Note that, although budgetary resources must be sufficient to cover any extra compensable days in a

fiscal year, some of the corresponding outlays may not occur until the following year.

(3) Requirement for data in terms of FTEs.--Wherever entries in schedules or materials required by the Circular pertain to personnel requirements or total employment levels, such entries for all years will be stated in terms of FTEs, as defined in section 13.1, unless another requirement is explicitly stated.

(b) Personnel compensation.--Estimates for personnel compensation and benefits should be consistent with OMB-approved FTE levels and be prepared on the following bases:

(1) Pay scales.--Estimates will be based on compensation scales in effect at the time of submission of the estimates, adjusted for CY through BY+4 pay raises included in the Mid-Session Review revised economic assumptions. Estimates will reflect any pay raises enacted for the current or budget year in addition to, or in lieu of, pay raises based on the Mid-Session Review assumptions, if the legal rates are known at the time of the budget submission.

Mid-Session Review of the budget and outyear pay assumptions will apply to the statutory pay systems (General Schedule, Foreign Service, and Veterans Health Administration), the Executive Schedule, the Senior Executive Service, and wage grade employees. The pay raises encompass both the ECI-based national schedule adjustment and locality pay without assumption as to how the total increase will be distributed between the two. The pay scales used in preparing estimates should reflect the 8 percent interim geographic adjustment in New York, Los Angeles, and San Francisco, and the locality pay rates that went into effect in January 1994.

Estimates will need to be adjusted when final pay assumptions for the budget are released. Agencies should be prepared to provide

supporting detail on calculating pay costs, including separate identification of the pre-pay raise wage base reflected in the submission. Any increases in average compensation for the budget year, other than those due to changes in pay scales, must be explicitly justified.

(2) Hourly rates.--Compensation for all employees (as defined in 5 U.S.C. 5504(b)) will be based on hourly rates of compensation determined by dividing the annual rate of basic pay by 2,087, in accordance with section 15203(a) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272).

(3) Within-grade increases.--Estimates will provide increases to cover within-grade salary advancements only on a basis consistent with recent experience. Only net within-grade increases (i.e., increases remaining after turnover, downgrades, and other grade and step reducing events are taken into account) can be considered for funding. The cost of such advancements should be offset by savings due to greater productivity and efficiency.

(4) Vacancies.--Estimates related to vacancies expected to be filled in the budget year will be based on the entrance salary for the vacancies involved.

(5) Savings in personnel compensation.--Full consideration will be given to savings in personnel compensation due to personnel reductions, delay in filling vacant positions, leave without pay, lag in recruitment for new positions, filling vacancies at lower rates of pay, part-time employment, and grade reduction actions. Terminal leave payments, including those for SES, will be identified as offsets against such savings.

(6) Positions above grade GS/GM 15.--These positions will be reflected only to the extent that positions have been authorized in

those grades by the Office of Personnel Management or other authority or specifically authorized in substantive law.

(7) Awards.--Estimates should include amounts for all cash incentive awards. For PY only, the following information should be provided, broken out separately for each of the categories of non-SES performance awards, special act or service awards, SES rank and performance awards, and all other cash awards, e.g., spot cash awards:

- number of employees receiving the award (for group awards, also indicate the total number of employees in the group);
- percentage of employees receiving the award (expressed as a rate per 100 eligible employees);
- total expenditures; and
- average award amount.

For each of the award categories, also provide a narrative explanation of the basis on which the agency distributes awards and how that relates to its overall performance management program.

(8) Executive selection and development programs.--Estimates should include provisions for reasonable amounts for such programs, as required under Title IV of the Civil Service Reform Act of 1978 and by implementing guidelines issued by the Office of Personnel Management.

(9) Premium pay and overtime.--Increases over amounts for the preceding year for premium pay must be fully justified. In preparing estimates for overtime, agencies should analyze the use of overtime to ensure that it is used in a prudent and efficient manner; explore all reasonable alternatives to overtime (such as improved scheduling); and ensure that adequate approval, monitoring, and audit procedures are in place to avoid overtime abuses.

(10) Special rates for experts and consultants.--Authority to pay special rates for experts and consultants may be requested only when

the agency demonstrates that the type and caliber of services required cannot be obtained at the maximum daily rate payable for GS-15 under the Classification Act. When such authority is justified and specifically authorized, special rates may not exceed the maximum rate for senior level positions under 5 U.S.C. 5376.

(11) Severance pay.--Estimates for severance pay will be for the amount needed for the fiscal year. However, obligations will be incurred on a pay-period by-pay-period basis, notwithstanding the fact that a liability arises at the time of an employee's separation. Estimates will include changes in severance pay and personnel compensation that would occur upon the application of instructions covered in OMB Circular No. A-76.

(12) Physicians comparability allowance.--Estimates should reflect approved plans to pay bonuses to physicians in accordance with the Federal Physicians Comparability Allowance Amendments of 1987 (Public Law 100-140). Instructions for reporting on the physicians comparability allowance program will be issued separately.

(13) Bonuses and allowances.--Estimates should reflect approved agency plans for paying recruitment and relocation bonuses and retention allowances. Agencies should be prepared to supply information on planned and actual expenditures upon request by OMB.

(14) Law enforcement officers.--Estimates should reflect the non-optional provisions for pay provided for law enforcement officers under the Federal Law Enforcement Pay Reform Act of 1990 (Public Law 101-509), including;

--higher minimum rates under section 403; and

--special pay adjustments in selected cities under section 404.

13.3. FTE approved levels.

(a) Policy.--Consistent with the general policy of making the most effective use of Government resources, and in order that the Executive Branch complies with the FTE limitations established in the Federal Workforce Restructuring Act of 1994, each agency head will ensure strict observance of total approved employment levels for his or her agency. The Federal Workforce Restructuring Act of 1994 requires that OMB make a quarterly determination of whether the Executive Branch is in compliance with the mandated FTE limitations. If it is determined that the Executive Branch is exceeding the limitation, a government-wide hiring freeze will be imposed.

(b) Estimates of FTEs.--All agencies will prepare budget estimates relating to personnel requirements in terms of FTE employment, as specified in this Circular.

To determine FTE employment, the total number of regular hours (worked or to be worked) is divided by the number of compensable hours applicable to each fiscal year. For a year of 260 compensable days, the divisor is 2,080; and for 261 days, 2,088. This calculation standardizes the FTE work year for purposes of setting total approved levels, so that the resulting FTE figure will be consistently measured by the SF 113G reporting mechanism using 2,080 hours each year. The following list of compensable days for fiscal years 1994 through 2000 should be used to compute FTE employment.

COMPENSABLE DAYS FOR FISCAL YEARS
1994-2000

1994.....	261
1995.....	260
1996.....	261
1997.....	261
1998.....	261
1999.....	261
2000.....	261

(c) Employment level controls.--The total approved FTE level for each agency is determined at the time of the annual budget review, for the fiscal year in progress and for the succeeding fiscal year.

The Federal Workforce Restructuring Act of 1994 (Public Law 103-226) established annual limitations on Executive Branch FTE employment. FTE levels determined during the budget review process will meet the statutory limitations.

FTE employment levels apply to straight time hours only. Department of Defense indirect hire employees are not included in FTE employment totals. FTEs funded by allocations from other agencies will be included with the performing agency where the employees work and are payrolled.

The approved FTE employment levels will include persons appointed under the Worker Trainee Opportunity Program, Federal Cooperative Education Program, summer aids, Stay-in-School Program, and the Federal Junior Fellowship Program, as well as certain other programs that in the past were referred to as "ceiling-exempt". In OMB Memorandum No. 94-17, dated April 7, 1994, agencies were encouraged to continue to participate fully in the student employment and other special employment programs and to ensure that these programs are not

disproportionately reduced when agency-wide reductions are required.

The FTE total approved levels will take into account both seasonal variations in personnel requirements and employment trends (increasing or decreasing personnel levels) for each agency. Therefore, these levels will be related to, but not identical with, end-of-year data in the Monthly Report of Federal Civilian Employment, which is reported to the Office of Personnel Management (OPM) on the SF 113A and reflects a headcount of employees. In addition, reporting requirements for FTE (workyear) data, reported on the SF 113G, are published by OPM. Agencies are required to report all FTE employment on the SF 113G to OPM.

Adherence to the approved FTE levels will be measured using information compiled from the SF 113G reports. To minimize reporting burden and response time, the SF 113G reports are on the basis of bi-weekly pay periods and the "reporting year" is 26 pay periods, or 260 days (2,080 hours). OPM will issue annual schedules of reporting periods for the SF 113A and 113G reports.

(d) FTE transfers between agencies.--Agencies entering into agreements to perform administrative-type work for other agencies on a reimbursable basis may enter into an agreement to transfer FTEs on a one-for-one basis, provided that the agencies involved notify OMB prior to making such a transfer. Unless OMB notifies the agencies involved within 15 days of any objection, the agencies may proceed with the transfer.

All requests for adjustments in employment levels, including agreements to transfer FTEs between agencies, will be sent to the Director of the Office of Management and Budget.

Budget Terms and Concepts

14.1. Glossary of budget terms.

This section provides a glossary of key terms used in the budget process. It is not meant to be exhaustive. The terms listed in the table below are of particular significance in preparing the budget and are explained more fully in section 14.2. Section 14.3 describes how investments in U.S. securities are treated in the budget. A comprehensive discussion of terms used in credit reform is provided in section 33.5.

Key Terms Explained in	
Section 14.2	Subsection

Balances of budget authority....	(a)
Budget authority.....	(b)
Cash-equivalent transactions....	(c)
Collections.....	(d)
Direct spending.....	(e)
Discretionary spending.....	(e)
Obligations.....	(f)
Outlays.....	(g)
PAYGO.....	(e)
Reappropriations.....	(h)
Refunds.....	(i)
Rescissions.....	(j)

Transfers.....	(k)
Transfer in the estimates.....	(l)

Advance--See transfers.

Agency designates departments and establishments of the Government for the purposes of this circular.

Allowances are included in the budget totals to cover certain forms of budgetary transactions that are expected to increase or decrease budget authority or outlays but are not reflected in the program details. For example, allowances have been included for proposed legislation that would have a significant effect on the budget in total but relatively small effects on individual accounts across the Government. Budget authority and outlays included in the allowances are never appropriated as allowances.

Appropriations--See budget authority.

BEA is an abbreviation that refers to the Budget Enforcement Act of 1990, which placed caps on discretionary spending and established "pay-as-you-go" requirements on legislation affecting direct spending or receipts.

Balances of budget authority are amounts of budgetary resources provided in previous years that have not been outlayed. Obligated balances are amounts that have been obligated but not yet outlayed. Unobligated balances are amounts that have not been obligated and that remain available for obligation under law. (See section 14.2(a).)

Borrowing authority--See budget authority.

Breach is the amount by which new discretionary budget authority or outlays for a fiscal year is above the BEA cap on new discretionary budget authority or outlays for that year. (See BEA and cap.)

Budget refers to the Budget of the United States Government, which sets forth the President's comprehensive financial plan and indicates the President's priorities for the Federal Government.

Budget authority (BA) is the authority provided by Federal law to incur financial obligations that will result in outlays. Specific forms of budget authority include: (1) appropriations acts and other provisions of law that make funds available for obligation and expenditure (other than borrowing authority), including the authority to obligate and expend offsetting receipts and collections; (2) borrowing authority, which is authority granted to a Federal entity to borrow (e.g., through the issuance of promissory notes or monetary credits), and to obligate and expend the borrowed funds; (3) contract authority, which is the making of funds available for obligation but not for expenditure; and (4) offsetting receipts and collections as negative budget authority. (See section 14.2(b).)

Budgetary resources are those amounts available to enter into obligations in a given year. They include new budget authority, obligation limitations, direct spending authority, recoveries of unexpired budget authority through downward adjustments of prior year obligations, restorations of budget authority previously withdrawn through administrative action, and unobligated balances of such resources at the beginning of the year or transferred in during the year.

Budget totals are the totals included in the budget for budget authority, outlays, and receipts. Some presentations in the budget distinguish on-budget totals from off-budget totals. On-budget totals reflect the transactions of all Federal Government entities except those excluded from the budget totals by law. Off-budget totals reflect the transactions of Government entities that are excluded from

the on-budget totals by law. The on- and off-budget totals are combined to derive a total for Federal activity.

Bureau designates the principal subordinate organizational units of an agency.

Cap is the term commonly used to refer to legal limits for each fiscal year on the budget authority and outlays provided by discretionary appropriations. A sequester is required if an appropriation causes a breach in the cap.

Cash equivalent transactions are ones in which outlays or collections are not in the form of cash or the cash does not accurately measure the cost of the transaction. The equivalent cash value is estimated and included in the budget. (See section 14.2(c).)

Collections--See receipts, governmental and offsetting collections.

Contract authority--See budget authority.

Cost means the cash value of the resources allocated to a particular program. When used in connection with Federal credit programs, the term means the estimated long-term cost to the Government of a direct loan or loan guarantee, calculated on a net present value basis; it excludes administrative costs and any incidental effects on governmental receipts or outlays. (See section 33, Federal Credit Data.)

Credit program account is an account into which an appropriation for the cost of a direct loan or loan guarantee program is made and from which such cost is disbursed to a financing account for the program. (See section 33, Federal Credit Data.)

Deficit is the amount by which outlays exceed Governmental receipts.

Deferral is any Executive Branch action or inaction that withholds, delays, or effectively precludes the obligation or expenditure of budgetary resources. The President proposes deferrals to Congress by

special message. They are not identified separately in the budget.

Deposit funds are accounts established to record amounts held temporarily by the Government until ownership is determined (e.g., earnest money paid by bidders for mineral leases) or held by the Government as an agent for others (e.g., State and local income taxes withheld from Federal employees' salaries). Deposit fund transactions are excluded from the budget totals, because they are not Government funds. Since they reduce Treasury's need to borrow, they are treated as a means of financing the deficit.

Direct loan is a disbursement of funds by the Government to a non-Federal borrower under a contract that requires the repayment of such funds with or without interest. The term includes the purchase of, or participation in, a loan made by another lender. The term does not include the acquisition of a federally guaranteed loan in satisfaction of default claims or the price support loans of the Commodity Credit Corporation. (See section 33, Federal Credit Data.) (cf. loan guarantee.)

Direct spending is a category of budget authority that comprises budget authority provided in laws other than appropriations acts, entitlement authority, and the budget authority for the food stamp program. (See section 14.2(e).) (cf. discretionary appropriations.)

Discretionary appropriations is a category of budget authority that comprises budgetary authority (except that provided to fund direct-spending programs) provided in appropriations acts. (See section 14.2(e).) (cf. direct spending.)

Emergency appropriation is an appropriation that the President and the Congress have designated as an emergency requirement under the BEA. If it pertains to a discretionary program, such an appropriation results in an adjustment to the discretionary cap. Mandatory

emergencies are not counted as a pay-as-you-go increase in the deficit.

Expenditure transfer--See transfers.

Federal funds are the moneys collected and spent by the Government other than those designated as trust funds. Federal funds include general, special, public enterprise, and intragovernmental funds. (cf. trust funds.)

Financing account collects the cost payments from a credit program account and includes other cash flows to and from the Government resulting from direct loan obligations or loan guarantee commitments made on or after October 1, 1991. At least one financing account is associated with each credit program account. For programs with direct and guaranteed loans, there are separate financing accounts for direct loans and guaranteed loans. The transactions of the financing accounts are not included in the budget totals. (See section 33, Federal Credit Data.) (cf. liquidating account.)

Fiscal year is the Government's accounting period. It begins on October 1st and ends on September 30th, and is designated by the calendar year in which it ends. The following phrases and abbreviations are used in these instructions to identify specific fiscal years:

Past year-1	The fiscal year immediately preceding the past year.
(PY-1)	
Past year	The fiscal year immediately preceding the current year;
(PY)	the last completed fiscal year.
Current year	The fiscal year immediately preceding the budget year.

(CY)

Budget year The next fiscal year for which estimates are submitted.

(BY)

Budget year+1 The fiscal year immediately following the budget year.

(BY+1)

Budget year+2 The second fiscal year following the budget year.

(BY+2)

Budget year+3 The third fiscal year following the budget year.

(BY+3)

Budget year+4 The fourth fiscal year following the budget year.

(BY+4)

Full-time equivalent (FTE) employment is the basic measure of the levels of employment used in the budget. It is the total number of hours worked (or to be worked) divided by the number of compensable hours applicable to each fiscal year. (See section 13.1, Definitions relating to employment.)

Functional classification arrays budget authority, outlays, and other budget data according to the major purpose served--e.g., agriculture.

General fund consists of accounts for receipts not earmarked by law for a specific purpose, the proceeds of general borrowing, and the expenditure of these moneys.

Liquidating account is an account for a credit program that includes all cash flows to and from the Government resulting from direct loan obligations and loan guarantee commitments prior to October 1, 1991. (See section 33, Federal Credit Data.) (cf., liquidating account.)

Loan guarantee is any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender. The term does not include the insurance of deposits, shares, or other withdrawable accounts in financial institutions. (See section 33, Federal Credit Data.) (cf. direct loan.)

Means of financing refers to borrowing, use of cash balances, and certain other transactions that are used to finance the deficit. By definition, the means of financing are not treated as receipts or outlays.

Multi-year planning estimates refer to the estimates presented in the budget for each of the four years beyond the budget year in order to reflect the effect of budget year decisions on longer term objectives and plans.

Intragovernmental funds are accounts for business-type or market-oriented activities conducted primarily within and between Government agencies and financed by offsetting collections that are credited directly to the fund.

Non-expenditure transfers--See transfers.

Obligations are binding agreements that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally. (See section 14.2(f).)

Off-budget--See budget totals.

Offsetting collections are collections from the public that result from business-type or market-oriented activities and collections from other Government accounts. These collections are deducted from gross budget authority and gross outlays in calculating budget authority and outlays, rather than counted in governmental receipt totals. Some are credited directly to appropriation or fund accounts; others, called

offsetting receipts, are credited to receipt accounts. The authority to spend offsetting collections is a form of budget authority. (See section 14.2(d).) (cf. receipts, governmental.)

On-budget--See budget totals.

Outlays are the measure of Government spending. They are payments to liquidate obligations (other than the repayment of debt). Except where outlay figures are labeled as gross, they are stated net of any related refunds and offsetting collections. Outlays generally are equal to cash disbursements, but they are also recorded for cash-equivalent transactions, such as the subsidy cost of direct loans and loan guarantees, and interest accrued on public issues of the public debt.

Pay-as-you-go (PAYGO) is a term that refers to requirements in the BEA that result in a sequester if the estimated combined result of legislation affecting direct spending or receipts is an increase in the deficit for a fiscal year. (See section 14.2(e).)

Public enterprise funds are accounts for business or market-oriented activities conducted primarily with the public. They are generally financed by offsetting collections that are credited directly to the fund.

Reappropriations occur if a law extends the availability of unobligated budget authority that has expired or would otherwise expire. Reappropriations are counted as new budget authority in the year in which the balance become newly available. (See section 14.2(h).)

Receipts, governmental are collections that result primarily from the Government's exercise of its sovereign power to tax or otherwise compel payment. They are compared to outlays in calculating a surplus or deficit. (See section 14.2(d).) (cf., offsetting collections.)

Receipts, offsetting--See offsetting collections.

Receipts, offsetting governmental--See offsetting collections.

Refunds received are the return of excess payments to the Government. The refund of a payment in the same year in which the obligation for payment was recorded is netted from obligations for that year. A refund in a subsequent year is counted as an offsetting collection. Refunds paid by the Government are recorded as obligations and outlays. (See section 14.2(i).)

Reimbursement--See transfer.

Rescission is a legislative action that cancels new budget authority or the availability of unobligated balances of budget authority prior to the time the authority would otherwise have expired. (See section 14.2(j).)

Scorekeeping refers to measuring the budget effects of legislation, generally in terms of budget authority and outlays.

Sequester is the cancellation of non-exempt budgetary resources provided by discretionary appropriations or direct spending legislation, following various procedures prescribed in the BEA. A sequester may occur in response to a discretionary appropriation that causes a breach or in response to increases in the deficit resulting from the combined result of legislation affecting direct spending or receipts (referred to as a "pay-as-you-go" sequester).

Special funds are Federal fund accounts for receipts earmarked for specific purposes and for the expenditure of these receipts. (cf. trust funds.)

Spending authority is defined in section 401(c)(2) of the Congressional Budget Act of 1974, as amended, as various types of authority to obligate the United States to make payments, the budget authority for which is not provided in advance in appropriations acts.

The various types include authority to enter into contracts; to incur indebtedness; to make payments (including loans and grants) to persons or governments who meet requirements established by law; to forgo the collection by the United States of proprietary offsetting receipts; and to make any other payments (including loans, grants, and payments from revolving funds).

Spending authority from offsetting collections--See budget authority.

Subsidy means the same as cost when it is used in connection with Federal credit programs. (See section 33, Federal Credit Data.)

Surplus is the amount by which governmental receipts exceed outlays.

Supplemental appropriation is one enacted subsequent to a regular annual appropriations act when the need for funds is too urgent to be postponed until the next regular annual appropriations act.

Transfers occur when all or part of the budgetary resources in one Government account are transferred to another Government account. Transfers must be authorized by law. Generally, the nature of the transfer determines whether it is recorded as an expenditure transfer (recorded as an obligation and outlay in the paying account and an offsetting collection in the performing account) or a nonexpenditure transfer (recorded as a shift in budgetary resources from one account to the other). The transfer is treated as an expenditure transfer when the purpose is to purchase goods or services or otherwise to benefit the paying account. The transfer is treated as a nonexpenditure transfer when budgetary resources are shifted from one purpose to another. By convention, all transfers between Federal and trust funds are treated as expenditure transfers. (See section 14.2(k).)

Transfer in the estimates refers to a proposed transfer of the financing of an activity from one account to another. Budgetary

resources are not transferred between the accounts. Instead, the budget estimates reflect that funding for the activity ends after the current year in the losing account and begins in the budget year in the gaining account. (See section 14.2(1).)

Trust funds are accounts, designated by law as trust funds, for receipts earmarked for specific purposes and for the expenditure of these receipts. (cf. Federal funds and special funds.)

14.2. Basic budget concepts.

This section elaborates on some of the terms introduced in the previous section and explains certain basic budget concepts.

(a) Balances of budget authority.--For a given year, balances of budget authority provided in previous years are shown as either unobligated or obligated balances of budget authority.

Unobligated balances are balances of budgetary resources that remain available for obligation, i.e., unobligated balances of budget authority (appropriations, authority to borrow, and contract authority) and unobligated balances of offsetting collections (unfilled interagency orders on hand that constitute valid obligations of the ordering accounts, advances received from the public, and other cash receipts lawfully credited to the appropriation or fund account being reported). Unobligated balances reported in program and financing schedules for a fiscal year will not reflect unobligated balances that expired in prior years or were cancelled. They will also exclude offsetting collections that are not available for obligation (e.g., because of a limitation on obligations in appropriations acts) and special and trust fund amounts that are precluded from obligation in that fiscal year by a provision of law such as a limitation on

obligations or a benefit formula. The unavailable offsetting collections and receipts will be reported in a schedule of unavailable collections (see section 36.6).

Obligated balances represent net unpaid obligations that will result ultimately in budget outlays, i.e., the total amount of unliquidated obligations of an appropriation or fund account less the amount collectible as repayments from other Federal agencies that will be credited to that account (i.e., receivables from other government accounts). Offsetting collections that will be credited to a receipt account will be excluded from the computation of obligated balances. Receivables from the public, loans and other long-term receivables, amounts due at some future date under credit sales, and deferred charges also will not be deducted in computing the net unpaid obligations. Unliquidated obligations and receivables from other government accounts will be presented separately in the program and financing schedule (see section 32.4).

In the case of revolving funds that have a balance of budget authority (i.e., contract authority), obligations generally will be considered a charge first against the unobligated fund balance, until that balance is reduced to zero, and thereafter, a charge against the unfinanced budget authority balance.

Unobligated balances of appropriations, contract authority, and authority to borrow are appropriate only when such authority is provided for more than one year and in definite amounts or when the amount of indefinite authority is based on the appropriation of receipts from a specified source (see section 14.2(a)). Obligated balances, however, may pertain to both definite and indefinite forms of budget authority.

Balances at the start and end of the past year should be consistent

with the amounts reported in the Treasury Department's Annual Report, except as indicated in section 14.2(c).

(b) Budget authority.--Budget authority is the authority becoming available during the year to enter into obligations that result in immediate or future outlays of Government funds. The treatment described below is consistent with the definition of budget authority contained in section 3(2) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Omnibus Budget and Reconciliation Act of 1990. Most budget authority is in the form of appropriations; other types are contract authority, authority to borrow, and spending authority from offsetting collections.

Appropriations permit obligations to be incurred and payments to be made.

Contract authority permits obligations to be incurred but requires a subsequent appropriation or offsetting collections to liquidate (pay) the obligations.

Authority to borrow permits obligations to be incurred but requires funds to be borrowed to liquidate the obligations. Usually, the funds are borrowed from the Treasury, but in a few cases agencies may borrow directly from the public.

Spending authority from offsetting collections permits obligations to be incurred and payments to be made by using offsetting collections credited to an account. Any portion of such spending authority that is not available for obligation is not recorded as budget authority. For accounts with limitations on the use of offsetting collections, budget authority will include spending authority from balances of offsetting collections previously credited to the account (but unavailable for obligation) to the extent that the amounts become available for obligation. The offsetting collections credited to an account are

deducted from the gross budget authority reported for the account.

Amounts appropriated to liquidate contract authority or repay debt (authority to borrow) are not available to incur new obligations and are not budget authority.

The proceeds from the sale of financial assets (e.g., Federal loan assets) with recourse (i.e., the Federal government guarantees repayment of principal and interest in the event of default) are budget authority.

Budget authority may be classified further as follows:

Definite authority is stated as a specific amount or "not to exceed" a specific aggregate amount at the time the authority is granted, whether in an appropriations act or other law, and the full amount so provided is recorded as budget authority for that period.

Indefinite authority is not stated as a specific amount. Rather, the amount provided is determined by specified variable factors, such as the amount of the receipts from a specified source, the amount of the proceeds from the sale of financial assets with recourse, or the amount necessary to cover obligations associated with entitlements. In the case of receipts or proceeds from financial assets sold with recourse, the amount of budget authority to be shown in any year will equal the amount received or estimated to be received in that year.

Budget authority that is available in amounts needed to cover specified payments will be shown in an amount equal to the amount of obligations incurred or estimated to be incurred. This applies to obligations covered by authority to borrow or contract authority even though they may be liquidated by offsetting collections rather than borrowings or appropriations to liquidate.

Some legislation limits the amount of debt that may be outstanding at any time. In such cases, the amount of budget authority is not

limited except by considerations of the need to borrow to pay obligations that will become due as the limit on outstanding borrowing is approached.

Current authority requires congressional appropriations action on the request for new budget authority for the year involved.

Permanent authority becomes available pursuant to standing provisions of law without further appropriations action by Congress after transmittal of the budget for the year involved. When permanent budget authority is enacted, it is treated as permanent authority the first year it becomes available, as well as in succeeding years.

The budget authority effect of proposals that require congressional action in the year involved (e.g., supplementals, proposals to rescind current year budget authority, and legislative proposals for later transmittal) will be treated as current or permanent authority, depending on the nature of the authority that is affected by the proposal. Transfers of permanent authority directed in an appropriations act will be treated as current.

Limitations on permanent authority.--In some cases, amounts of what would otherwise be permanent budget authority (definite or indefinite) are precluded from obligation in a fiscal year by a provision of law (such as a limitation on obligations or a benefit formula). These amounts are not counted as budget authority in that year. However, the program and financing schedules will present the total amount of budget authority that would be available without the limitation or benefit formula, the amount that is unavailable because of the limitation or benefit formula, and the reduced amount of budget authority available for obligation. For special and trust funds, obligations will be applied first against new receipts; balances that were previously precluded from obligation (i.e., unavailable balances)

will be used only to the extent that new receipts are not adequate to cover obligations.

Period of availability.--One-year (annual) authority is budget authority available for obligation only during a specified fiscal year and expires at the end of that time. Multiple-year authority is budget authority available for obligation for a specified period of time in excess of one fiscal year. This authority generally takes the form of two-year, three-year, etc., availability, but may cover periods that do not coincide with the start or end of a fiscal year. No-year authority is budget authority that remains available for obligation for an indefinite period of time, usually until the objectives for which the authority was made available are achieved.

Annual and multi-year authority expire for the purpose of incurring new obligations. However, the authority is available for adjustments to obligations and for disbursements (i.e., expenditures) that were incurred or made during the period prior to expiration, but not recorded. Unless specifically authorized in law, the period that the expired authority is available for adjustments to obligations or for disbursements is five fiscal years (beginning with the first expired year). At the end of the fifth expired year, the authority is "cancelled". Thereafter, the authority is not available for any purpose.

(c) Cash-equivalent transactions.--Outlays and collections usually are in the form of cash (currency, checks, and electronic fund transfers). Normally the amount of cash disbursed or collected is the appropriate measure of the value of the transaction, and the budget records outlays or collections equal to the cash that changes hands. In other cases, however, the cash disbursed or collected does not accurately measure the cost of the transactions. In these cases, the

budget records the cash-equivalent value of the transactions. For example, outlays are reported for the gross amount of pay for Federal employees, even though the cash payments to employees are net of withholding for Federal income taxes and other payroll deductions. Income tax receipts are recorded for the amount of Federal income taxes withheld from Federal employees' pay, even though no cash is received.

When the Government receives or makes payments in the form of debt instruments (such as bonds, debentures, monetary credits, or notes) in lieu of cash, outlays or collections are recorded on a cash-equivalent basis. The Government can borrow from the public to raise cash and then use the cash proceeds to liquidate an obligation, or it may be able to liquidate the obligation by issuing securities in lieu of the cash. The latter method combines two transactions into one. Combining these transactions into one does not change the nature of the transactions. Since the two methods of payment are equivalent, the budget records the same amount of outlays for both cases. In one program, for example, a Government agency may choose whether to pay default claims against it in cash or by issuing debentures in lieu of cash; the budget records the same amount of outlays in either case. In turn, a recipient of these debentures may choose to pay the fees that it owes to the Government either in cash or by returning debentures of equivalent value that it holds. The budget records the same amount of collections in either case.

Lease-purchase transactions in which the Government assumes substantial risk are equivalent to the Government raising cash by borrowing from the public and purchasing the asset directly by disbursing the cash proceeds. Outlays are reported over the period that the contractor constructs, manufactures, or purchases the asset

that will be leased to the Government, not when the Government disburses cash to the developer for lease payments (see Appendix B).

The scorekeeping effect of cash-equivalent transactions is not limited to outlays and collections. The authority to incur obligations that will be liquidated through cash-equivalent payments is recorded as budget authority. The use of cash-equivalents often results in an increase or decrease in Federal debt. In the previous example of the Government using debentures to pay claims, the issuance of a debenture is recorded as an increase in debt, and the Government's acceptance of a debenture as payment of fees is recorded as a reduction in debt. An increase in debt is also recorded as the means of financing the cash-equivalent outlays of lease-purchase arrangements in which the Government assumes substantial risk. The Government's subsequent cash lease payments are scored as the equivalent of interest outlays on that debt and principal repayments.

(d) Collections.--In general, amounts collected by the Government are classified in two major categories:

Governmental receipts, which are compared with outlays in calculating the surplus or deficit.

Offsetting collections, which are deducted from gross disbursements in calculating outlays.

Collections usually are in the form of cash; however, collections also are recorded when cash-equivalents are used to pay the Government (see section 14.2(f)). The proceeds of borrowing are not counted as collections, because borrowing and the repayment of borrowing are treated as a means of financing outlays. Certain other monies received by the Government (e.g., deposits to deposit funds, which are for moneys that are on deposit with the Government but that are not owned by the Government) are not counted as collections.

Governmental receipts.--These are collections from the public that arise from the Government's sovereign or governmental powers. They consist primarily of tax receipts, but also include compulsory user charges, customs duties, court fines, certain licenses, etc. Gifts and contributions are also counted as governmental receipts. As a general rule, governmental receipts are deposited into receipt accounts and reported in total (rather than as an offset to budget authority and outlays). However, some receipts that are governmental in nature are required by law or other reasons to be deposited to offsetting receipt accounts or to be credited as offsetting collections to appropriations or other expenditure accounts.

Offsetting collections.--These collections arise as a result of business-type transactions with the public (e.g., from the sale of services or goods) or as a result of a payment from one Government account to another. The proceeds from the sale of financial assets with recourse are treated as budget authority, not as offsetting collections (see section 14.2(a)). There are two major categories of offsetting collections: offsetting receipts and offsetting collections credited to appropriations or other expenditure accounts.

--Offsetting receipts. All collections credited to receipt accounts that are offset against budget authority and outlays rather than reflected as governmental receipts in computing budget totals are termed offsetting receipts. Most offsetting receipts are offset against both agency budget authority and outlay totals. Offsetting receipts are composed of:

- (1) Proprietary receipts.--These receipts from the public are market-oriented and are derived from activities operated as business-type enterprises (e.g., sale of services and products, loan repayments, rents, and sale of property).

(2) Intragovernmental receipts.--These are payments from appropriations or fund accounts that are deposited into receipt accounts. These are further classified as follows:

-Interfund receipts are amounts derived from payments between Federal and trust funds.

-Intrafund receipts are amounts derived from payments within the same fund group (i.e., within the Federal fund group or within the trust fund group).

(3) Offsetting governmental receipts.--These receipts are governmental in nature but are required by law or other reasons to be treated as offsetting.

--Offsetting collections credited to appropriation or fund accounts. When specifically authorized by law, offsetting collections are credited to appropriation or fund accounts. Such collections are reported in program and financing schedules. The authority to incur obligations against offsetting collections credited to an account is a form of budget authority. BA and outlays are reported gross and net of the total offsetting collections. Collections credited to appropriation or fund accounts generally consist of reimbursements (including advances when authorized by law) and may also include proceeds from the sale of assets without recourse and other non-operating collections. Collections credited to an account may include receivables from another account of a Federal agency if an obligation in the amount of the receivable has been recorded in the paying account. Where collections have been recorded for receivables, collections will not be recorded for the subsequent cash received.

(e) Discretionary spending and direct spending and pay-as-you-go

(PAYGO).--The Budget Enforcement Act of 1990 (BEA), for its purposes, defines two main classifications of spending and specifies separate procedures for controlling such spending.

Discretionary spending. The BEA sets annual limits, commonly referred to as "caps," on budget authority and outlays provided in annual appropriation acts. If either the budget authority or outlay cap for a year is breached, the budget authority of each nonexempt, discretionary account is sequestered.

Direct spending/PAYGO. The BEA requires all direct spending (mandatory) and receipts legislation to be on a pay-as-you-go (PAYGO) basis. That is, legislated increases in direct spending or reductions in receipts must be offset by other legislated reductions in direct spending or increases in receipts. If not, a sequester of non-exempt mandatory spending is imposed. Authorizing legislation that affects direct spending or receipts is PAYGO legislation (even if the net effect on spending and receipts is estimated to be zero). Changes in direct spending or receipts that are not the result of legislation (e.g., increases in entitlement programs resulting from inflation or growth in the beneficiary population) are not subject to PAYGO requirements. Changes in direct spending and receipts that are enacted in appropriations acts are treated as discretionary spending, not as PAYGO.

OMB calculates the net effect on direct spending and receipts of each piece of legislation, comparing it to the baseline published in the most recent President's budget. Following the end of a session of Congress, OMB determines the net effect of such legislation for the current year and the budget year. If the net effect is an increase, all nonexempt direct spending accounts must be sequestered to reduce spending by the amount of the increase.

The Statement of the Managers that accompanied the BEA listed all accounts under the Appropriations Committees' jurisdiction that are either discretionary or direct spending (mandatory). All references to entitlement authority include this list of mandatory appropriations. Accounts that are not listed are classified as direct spending if budgetary resources are provided by statutes other than appropriations acts. The classification of new accounts follows the same criteria used for existing accounts, but any new classifications are determined by OMB in consultation with Congress, as required by law.

Direct spending/discretionary classifications are used for measuring compliance with the BEA. However, these classifications have no bearing on whether a program provides legal entitlement to a payment or benefit.

Agencies should consult their OMB representative with questions concerning BEA classifications and legal entitlements.

Appropriations actions modifying mandatory accounts.--In general, Appropriations Committee actions are discretionary. Therefore, if a provision in an appropriations bill makes a substantive change to a mandatory account, the costs or savings of that change will be treated as discretionary for the purpose of scoring under the BEA discretionary limits. The amount of discretionary costs or savings to be scored will be the difference between the new level of spending (or receipts) and the baseline level.

Budget presentation.--

Enacted provisions. Discretionary changes to mandatory accounts will be scored to the appropriations bill at the time of enactment. However, budgets transmitted subsequent to enactment will return to showing the accounts as entirely mandatory in every year, and the mandatory estimates for those accounts will include any effect of the

Appropriations Committee action. If appropriate, the discretionary spending limits will be adjusted to capture the effects (if any) of the appropriations committee action.

Proposed provisions. Budget proposals for appropriations language changes to mandatory accounts will be scored as discretionary.

(f) Obligations.--Obligations reflect the amounts of orders placed, contracts awarded, services received, and similar actions requiring payments. Obligations will be shown in the program by activities portion of program and financing schedules to reflect the level of program activity. The total of such obligations in any year is financed by budgetary resources. Obligations reflected in the budget will conform with applicable provisions of law and will be supported by the documentary evidence required by 31 U.S.C. 1501. Unliquidated obligations should be reviewed regularly and those not likely to require payment should be deobligated.

(g) Outlays.--Outlays are recorded when the Government's obligations are liquidated (paid). Outlays usually are in the form of cash; however, outlays also are recorded when cash-equivalents are used to liquidate obligations (see section 14.2(f)). Outlays are stated both gross and net of offsetting collections for an account, but totals are only stated net. Outlays during a fiscal year may be for the payment of obligations incurred in prior years or in the same year. Outlays, therefore, flow in part from unexpended balances of prior year budget authority and in part from budget authority provided for the year in which the money is spent.

Outlays are recorded for the subsidy cost of direct loans and loan guarantees as the underlying loans are disbursed (see section 33, Federal Credit Data). Other cash flows associated with direct loans and loan guarantees are not counted as outlays or collections.

Interest on public issues of the public debt is recorded as an outlay on an accrual rather than a cash basis. Borrowing is not recorded as a receipt because it is a means of financing outlays. Since borrowing is not a receipt, it follows that repayment of borrowing is not an outlay. Certain other payments (e.g., disbursements from deposit funds, which are moneys that are on deposit with the Government but that are not owned by the Government) are not counted as outlays.

Outlays for the past year must agree with amounts reported in the Department of the Treasury's Annual Report unless an exception is requested by the agency and approved by OMB.

(h) Reappropriations.--The budget will show the funds that are affected by a reappropriation as expiring in the year the amounts expired or would otherwise expire under their original availability. The amounts shown as expired will be excluded from the balances carried forward to the following year. New budget authority in the same amount will be shown in the first year of the extended availability, which is usually the fiscal year following the year in which the amounts would otherwise lapse.

(i) Refunds.--Refunds that are received by an expenditure account in the same fiscal year during which the obligation for the refund is recorded will be netted against obligations without further identification in the budget schedules, thereby reducing both obligations and outlays for that year.

Refunds that pertain to obligations recorded in previous fiscal years will be recorded as offsetting collections and will not be netted from obligations. They will be netted against budget authority and outlays in the same manner as other offsetting collections credited to an account.

Refunds received by the Government that pertain to expired general

fund accounts are to be credited to miscellaneous receipts. For special and trust funds, refunds will be credited to the associated receipt account.

Refunds paid by an expenditure account will be shown as an obligation and an outlay in the account making the payment. Refunds of receipts such as income taxes in excess of tax liabilities are recorded as reductions of receipts rather than as an obligation and outlay.

(j) Rescissions.-- Enacted rescissions are reflected in the regular budget schedules. Proposed rescissions are displayed in separate budget schedules (see section 32.8(b)).

For special fund accounts, rescinded amounts may either revert to the special fund receipt account or be permanently withdrawn. As a general rule, when amounts are rescinded from an annually appropriated special fund account, the rescinded amounts are returned to the receipt account and can be made available for obligation through subsequent appropriations action. When amounts are rescinded from a permanently appropriated special fund account, the rescinded amounts are withdrawn and returned to the General Fund of the Treasury.

(k) Transfers.--Transfers of budgetary resources from one account to another must be authorized in law. The nature of the transfer--expenditure or nonexpenditure--determines how the transfer is recorded in the budget. Agencies will ensure that transfers are reported consistently by all parties to the transaction.

Expenditure transfers--Where the purpose of the transfer is to purchase goods or services or otherwise benefit the transferring account, the transfer will be recorded as an obligation and an outlay in the transferring account and an offsetting collection in the receiving account (see section 14.2(e)). If the receiving account is a

general fund appropriation account or a revolving fund account, the offsetting collection will be credited to the appropriation or fund account. If the receiving account is a special fund or trust fund account, the offsetting collection usually will be credited to a receipt account of the fund. All transfers between Federal funds (general, special, and revolving funds) and trust funds are treated as expenditure transfers.

Reimbursement between two accounts for goods or services is an expenditure transfer, with an obligation and an outlay in the account making the payment and a collection credited to the performing account. Such collections will be shown in the schedules for the appropriation or fund account to which they apply and will represent amounts that have been, or will be, credited to that account when received.

Nonexpenditure transfers.--Where the purpose of the transfer is to shift budgetary resources from one purpose to another (e.g., to fund pay raises) or to reflect the transfer of an activity (e.g., reorganization transfers), the transfer will be recorded as an adjustment to budget authority or balances in both accounts, rather than an obligation and outlay in the transferring account and a corresponding offsetting collection in the receiving account.

If a transfer of budget authority occurs in the same year in which the authority becomes available, the transfer will always be shown as an adjustment to budget authority in both accounts.

If the transfer involves balances of budget authority provided in a previous year, or other budgetary resources, but results from legislation which changes the purpose for which the resources are available, the transfer will also be shown as an adjustment to budget authority in both accounts. However, if a transfer of balances results

from general transfer authority provided to an agency by Congress or reflects the transfer of an activity where the purpose has not changed, the transfer will be shown as an adjustment to balances in both accounts.

Nonexpenditure transfers also include allocations. Allocations are transfers of obligational authority from one agency or bureau to a transfer appropriation account that is established in another agency or bureau to carry out the purposes of the parent appropriation or fund. Such transfers are not adjustments to budget authority or balances of budget authority. Associated obligations and outlays are reflected in the budget schedules of the parent account (see section 11.5(d)).

(1) Transfer in the estimates.--A transfer in the estimates indicates that an activity currently financed under one budget account is proposed to be financed under another account, beginning in the budget year. A transfer in the estimates is effected by reflecting the budget year estimate for the shifted activity in the appropriation account to which the transfer is proposed, and by eliminating that budget year estimate from the appropriation account from which the activity is being transferred. A proposal for a transfer in the estimates requires advance approval by OMB (see section 11.6).

Use of a transfer in the estimates may arise out of a need to consolidate appropriations, distribute the financing of activities between two or more accounts, or transfer the financing of an activity from one account to another in the budget year. A transfer in the estimates is to be distinguished from a transfer of funds by which money available under one appropriation title is moved to another.

A transfer in the estimates will be identified in a note following the program and financing schedules of the losing and gaining accounts

(see section 32.8(c)).

14.3. Investments in U.S. securities.

Investments in U.S. securities consist of public debt securities and securities issued by Government agencies. They exclude securities issued by Government-sponsored enterprises and other non-Government entities.

(a) Principal.--When funds are invested in a U.S. security, the principal transaction is treated as an asset exchange, i.e., no obligation or outlay is recorded, and the total level of fund balances does not change as a result of the principal transaction. Cash balances are reduced by the purchase price and holdings of U.S. securities are increased by the par (face or nominal) value of the security acquired, adjusted for any discount as described below. When a U.S. security is sold or redeemed, holdings of U.S. securities are decreased by the par value and cash balances are increased by the sales price or redemption value of the security.

The balances shown in program and financing and status of fund schedules will distinguish between cash and holdings of U.S. securities. Balances of U.S. securities will be recorded at par value. Where the securities were purchased at a discount, the total amount of the balances will be reduced by reporting the amount of the unrealized discounts separately with the opposite sign from that applicable to U.S. securities (see Purchase discount below).

(b) Interest, discounts, and premiums.--Interest, discounts, and premiums determine the earnings on the principal invested in U.S. securities. This section will describe first the general treatment of these transactions and then the specific treatment of each type of

transaction.

Interest, earned discounts, and premiums will be recorded as increases and decreases, as appropriate, in the receipts of special and trust funds or in offsetting collections in revolving funds (including trust revolving funds). For revolving funds, they will be recorded as increases or decreases in offsetting collections credited to the funds. (The instructions for revolving funds apply to trust revolving funds.)

For special and trust funds, these adjustments will affect the amount of receipts available for appropriation for those funds where the receipts are subject to annual appropriation, or the amount of budget authority becoming available in the year for those funds where the receipts are permanently appropriated. For revolving funds, these adjustments will affect the amount of offsetting collections credited to the fund for the year.

Interest, earned discounts, and premiums will be combined and recorded on a net basis as interest on investments. Purchase discounts, which are not realized until a security matures or is sold, require the special treatment described below. Interest and unrealized discounts will be reported separately in the program and financing schedule (section 32.3) and the status of funds schedule (section 36.5)

Interest.--The nominal or stated amount of interest received or estimated for the year will be recorded as a positive amount in the receipt account for interest (usually suffix .20) for a special or trust fund or as a negative amount in offsetting collections for interest credited to a revolving fund (line 8820 or 8825 on the program and financing schedule).

Accrued interest purchase.--Payments from a fund to the former owner

of a purchased security for the amount of interest that has accrued to the owner but that will be received by the fund will be recorded as a negative amount in the receipt account for interest (usually suffix .20) for a special or trust fund or a positive amount in offsetting collections for interest credited to a revolving fund (line 88.20 on the program and financing schedule).

Purchase discount.--When a security is purchased for an amount less than the par value, the difference will be recorded as an adjustment to balances. In the program and financing and the status of fund schedules, an adjusting entry with the opposite sign from that applicable to U.S. securities will reflect the total amount of unrealized discounts.

When the security matures, cash balances will be increased by the amount of the par value of the maturing security (unless the proceeds are reinvested during the year), the balance entries for unrealized discounts will be reduced by the amount of the discount at purchase, and receipts or offsetting collections will be increased. Specific instructions for special and trust funds and revolving funds follow:

For special and trust funds, separate adjusting entries for balances will be reported in the program and financing and status of fund schedules, as applicable. Earned discounts will be recorded as a positive amount in the receipt account for interest (suffix .20) in the year of the maturity or sale.

For revolving funds, separate adjusting entries for balances will be reported in the program and financing schedules. Earned discounts will be reported in the program and financing schedule as a negative amount in offsetting collections, in the year of the maturity or sale.

Purchase premium.--When a security is purchased for an amount greater than the par value, the difference will be recorded as a

negative amount in the receipt account for interest (usually suffix .20) for a special or trust fund or a positive amount in offsetting collections for interest credited to a revolving fund.

Sales discount.--When a security is sold for an amount less than the par value, the difference between the purchase price and the sales price will be recorded as a positive amount if it is a gain and negative if it is a loss in the receipt account for interest (usually suffix .20) in a special or trust fund or as a negative amount if it is a gain and positive if it is a loss in offsetting collections for interest credited to a revolving fund.

Sales premium.--When a security is sold for an amount greater than the par value, the difference between the purchase price and the sales price will be recorded as a positive amount if it is a gain and negative if it is a loss in the receipt account for interest (usually suffix .20) for a special or trust fund or as a negative amount if it is a gain and a positive amount if it is a loss in offsetting collections for interest credited to a revolving fund.

Alternative guidance will be specified by OMB for certain accounts where these rules may result in significant distortions of amounts presented in the budget.

Amortized discounts and premiums.--For purposes of financial reporting, purchase discounts and premiums are amortized over the life of the security. On the statement of operations, the amortized portion of a discount is recorded as income, the amortized premium is recorded as an expense. On the balance sheet, the balance of unamortized discounts or premiums are recorded as an adjustment to the par value of the security (see section 36.3). The amount of unamortized discount on the balance sheet differs from the amount of unrealized discount in the program and financing schedule by the amount amortized.

(c) Differences between Treasury balances and balances in the budget.--Although the amounts related to investments must be consistent, certain differences in availability of receipts with current, definite appropriations must be recognized in reconciling the amounts.

The receipts of some special and trust funds, by law, are available to incur obligations for program purposes only to the extent provided in annual appropriations acts. However, if the law authorizes such funds to be invested, the Treasury Department records such receipts as appropriated in the year received and subsequently as unexpended balances of appropriations. Since such appropriations do not provide budget authority (authority to incur obligations), those amounts will not be reported in program and financing schedules. However, they will be included with the other amounts reported as unavailable collections in the special schedule required under section 36.6 but will not be identified separately.

Justifications and Other Reporting Requirements

15.1. Summary and highlight statement.

A summary and highlight statement (in the form of a transmittal letter from the head of the agency) will cover the budget submission of each agency. This narrative will summarize the highlights of the agency's budget and related major legislative proposals, identifying:

- | --the broad policies and strategies proposed and the total amounts
- | of discretionary and mandatory budgetary resources and FTE
- | requested;

| --the relationship of the policies, strategies, and resources
| requested to the planning guidance for budgetary resources and for
| FTE provided by OMB;
| --significant proposed differences, if any, from current
| Administration policies;
| --the most important program performance indicators and performance
| goals, including those that are positive and negative with respect
| to performance and which are the basis for the major proposed
| policies;
| --the major management initiatives that will be used to monitor and
| evaluate program efficiency and effectiveness;
| --any significant proposals for changes in the current year budget,
| and the relationship of such changes to the budget year and
| outyear requests; and
| --any significant proposals or changes in spending patterns for the
| five to ten year period beyond the budget year, and their
| relationship to outyear planning guidance and the policies
| proposed for the current and budget year.

Agencies must submit a listing of the amounts of budget authority and outlays and FTE requested for each fiscal year covered by the budget (see section 15.2(a)(3)). This list will be itemized by account showing separately proposed supplementals, pending supplementals, rescission proposals, and legislative proposals. Offsetting receipts will be deducted to arrive at the net amount of the agency request (see section 14.2(d)).

Agencies are also required to submit compliance with stated policies required under sections 11.7 (responsibilities in reporting data), 12.3 (basis for the estimates), 12.4 (required consultations), and 12.5 (estimates relating to specific objects of expenditure).

15.2. Justification of programs and financing.

A written justification will be provided for each budget submission. The materials that generally are required are described in subsection (a). Specific informational requirements and formats will be determined in consultation with OMB representatives. It is expected that each agency will have agreed with OMB representatives on the form and specific content of the budget submission in the spring and summer preceding the budget submission.

The agency request should be consistent with the funding levels included in policy guidance. If the request is not consistent with policy guidance, the agency must provide a summary display of what its budget request would be at the policy guidance levels and the reasons why a budget request consistent with the guidance is not appropriate. In addition, agencies may be asked by the OMB representatives responsible for review of the agency's budget submission to identify and discuss the implications of other funding levels.

The justification should be prepared in concise, specific terms and cover all programs and activities of the agency. Tables, charts, and graphs may be used in lieu of or to supplement text. Materials should be prepared in a manner designed to provide all of the information which the agency and OMB have agreed to be necessary for OMB to understand and evaluate the agency's request and make its determinations.

(a) Materials required.--The justification materials normally should include a comparison of total program benefits and total program costs, using quantitative, objective data to the maximum extent possible, as well as qualitative or judgmental material, a comparison

of the marginal benefits and the marginal costs associated with the additional funds or reduced funding proposed, and supporting information. The supporting information should take into account agency and outside (e.g., think tank, university, interest groups) program evaluations and related analytic studies, IG, and GAO and other congressional entity analyses, whether or not they agree with the proposed policy.

Performance indicators and performance goals.--Where appropriate, performance indicators and performance goals should be included to explain major program issues and financial requirements. Performance indicators should be presented in terms of outputs or outcomes and performance goals should be provided for short-term as well as for long-term assessment of program performance. Justifications should emphasize outputs that reflect the products and services that are provided by the program and delivered or used outside the program, as opposed to process alone. Justifications should also emphasize outcomes that reflect the results of a program. For example, a justification tied only to increasing the numbers of individuals served is of little consequence without evidence of the cost and the outcome, consistent with program goals.

If the agency has not developed performance measurement systems that provide this kind of information, other types of data may be used to indicate performance. Without performance indicators, performance goals, or some other type of performance data, however, agency requests for significant funding to continue or increase an on-going program are difficult to justify. If a new program lacks performance indicators and performance goals, the justification should indicate how the indicators, goals, and data collection are being developed; the timetable for their review with OMB representatives; when the data

|will become available; and on what basis the agency will assess
|performance of the program in the interim.

| Generally, performance indicators, performance goals, and past
|measures of performance should be thoroughly reviewed and their
|continued applicability justified. In addition, agencies that prepare
|annual financial statements should confirm, for the budget year,
|continuing use of the program performance indicators used in previous
|years or identify alternative indicators they plan to use.

| Additional requirements for information on program evaluation;
|infrastructure and grant programs; agency restructuring activities; an
|analysis of resources; and a table showing the relationship of
|programs to account structure are provided below. At the discretion of
|the agency's OMB representative, these requirements may be modified or
|alternative justification materials specified. Other materials also
|may be requested by OMB representatives.

| (1) Information on program evaluation.--Program evaluation is an
|important aspect of program planning and monitoring, assessing
|program results, and determining future funding levels. In budget
|justification materials, agencies are required to provide information
|on their program evaluation activities and on their program evaluation
|agenda. The agenda should describe the major program evaluation
|activities currently underway or planned. Agencies should consult with
|their OMB representative in development of their multi-year evaluation
|plans and agenda.

| (2) Information on infrastructure investment and grant
|programs.--Justification materials for major infrastructure investment
|and grant programs should include copies of investment systematic
|economic analyses of expected benefits and costs completed in
|accordance with Executive Order 12893. OMB Bulletin No. 94-16

|provides additional guidance on this Executive Order, including a
|listing of the accounts covered by the Order.

| (3) Agency restructuring or process reengineering
|activities.--Agencies should identify restructuring or process
|reengineering activities resulting from proposed and current
|investments in information technology that yield budgetary savings.
|Justification materials should indicate how these activities allow
|agencies to utilize existing resources better while improving program
|management and service delivery.

(4) Analysis of resources.--A tabular presentation should be used to
identify the financial and personnel resources required at the program
levels under consideration.

Resources required should be presented for PY and CY, as well as the
estimated requirements for each funding option for BY through BY+4. If
current year rescissions, deferrals, or supplementals are pending or
proposed, these will be identified separately. A subsidiary breakdown
of such items as personnel compensation, capital outlay, or other
categories of special concern may also be useful.

Generally, financial data should be presented in terms of new budget
authority and outlays. However, the agency's OMB representative may
require additional measures, such as unobligated balances and
offsetting collections.

Personnel requirements will be expressed in terms of full-time
equivalents (see section 13.2). FTE requests in total are expected be
within OMB guidance and must be consistent with the agencies
streamlining plan (as part of the Executive Branch statutory
|requirement to reduce FTE by 272,900 by FY 1999). Requests for
|changes to the FTE ceiling in any year must be fully justified in
|terms of program management requirements, and if for an increase, must

|fully document the analysis of agency-wide FTE that indicates why FTE
|ought not be moved from another function to meet the identified need.
| Budgetary resources and FTE requests must be described in the
|context of the agency's management plan for the programs and
|activities. The plan should make clear the analysis used to determine
|that the resources are needed in order to accomplish program and
|Administration goals, and that all opportunities for making more
|efficient and effective use of resources have been explored.

(5) Relationship of justification to account structure.--Where the
major programs in the agency justification materials do not coincide
with the budget account structure, a table will be prepared to show
the relationship. This table should be arranged by program, with all
relevant accounts and parts of accounts listed, showing budgetary
|resources (usually budget authority and outlays) and FTE. Programs
|that are mainly grants, contracts or other transfers of funds to
|entities other than the agency should have related S&E accounts and
|parts of accounts included, including allocations of overhead amounts.
|A format for the table is illustrated by exhibit 15A. Alternate
formats may be used if agreed upon by the agencies and their OMB
|representative. Where helpful to explain the coverage of the table
|or the relationship among accounts, a short narrative should accompany
|the table. This requirement only applies to major programs and
|activities. Agencies should consult their OMB representatives to
|ensure that tables are only provided for appropriate activities and
|unnecessary paperwork is avoided.

(b) Derivation of amounts requested.

Agencies should be prepared to submit information covering the
following:

--detailed analyses of workload, performance indicators, unit costs,

productivity trends, the impact of capital investment proposals on productivity, changes in quality and timeliness of output, and demonstrated outcomes of past program activities; and --the basis for distribution of funds (i.e., formulas or principles for allocation, matching, policies regarding the awarding of loans, grants, or contracts, etc.) and data on resulting geographic distribution (e.g., by State, etc.) with identification of any issues.

Productivity measurement, unit costs, and organizational performance standards should be used to the maximum extent possible in justifying staffing and other requirements.

| A specific element in productivity improvement for activities of
| Federal staff should be the gains planned or being realized from
| streamlining, including reducing unnecessary overhead, creative use of
| technology, and elimination of low priority tasks and programs.

15.3. Explanations relating to supplemental appropriation requests.

When the need for a program supplemental appropriation is forecast (see section 12.2), justification material should be prepared in accordance with section 15.2. Information should be provided indicating why the request was not included in the regular estimates for the period concerned and the reasons why it is considered essential that the additional appropriation be granted during the
| year. Requests for supplementals will be accompanied by proposals for
| offsets to be made elsewhere in the agency for both mandatory and
| discretionary resources, and must indicate related FTE savings or
| requirements and appropriate financing changes. If the estimate is
| approved for later transmittal (rather than in the budget), further

justification of the supplemental estimate will be required when it is submitted to OMB (see section 61). The effect of requested supplementals should be shown in the appropriate portions of the justification material for the program elements affected.

|15.4. Information on financial management.

|
| Agencies will ensure that their budget justifications provide
| results-oriented information on financial management operations and
| improvement initiatives in the context of the agency's mission and
| programs. This discussion should include the status and plans for
| financial management throughout the agency, and should represent an
| integrated discussion of financial management planning and associated
| resources. (Selected information on financial management resources for
| agencies covered by the Chief Financial Officers (CFOs) Act of 1990 is
| required by section 40.) The content should be consistent with the
| government-wide strategies and initiatives discussed in this year's
| Federal Financial Management Status Report and 5-Year Plan issued by
| OMB.

| (a) Coverage and reporting.--All agencies are required to submit the
| materials prescribed by section 15.4(b). There are three exceptions to
| this rule: Agencies not covered by the CFOs Act are not required to
| submit the schematics, inventory, or discussion of audited financial
| statements described below.

| For the 23 agencies covered by the CFOs Act, the materials required
| by this section will fulfill the Act's requirement that each agency
| CFO prepare a plan to implement the government-wide financial
| management 5-year plan. The format in which this information is
| presented may be determined by the agency, unless otherwise specified

|by OMB.

| If a CFO believes that agency internal operations would benefit from
|maintaining a separate planning document, the CFO may continue to
|issue a stand-alone status report and 5-year plan. If a separate
|report is prepared, it should build on the material required by
|section 15.4(b) and should be consistent with agency budget estimates
|for financial management.

| (b) Materials required.--Agencies are required to provide the
|following information related to financial management as an integral
|part of their budget justification materials:

| --a vision statement;
| --a discussion of goals and strategies for implementing financial
| management improvements;
| --a discussion of the current financial management systems structure
| and plans for moving to the targeted systems structure; and
| --a discussion of impediments to the submission of the required
| annual audited financial statements.

| (1) Vision statement.--Agencies should describe concisely the CFO's
|(or equivalent) vision for financial management, using as a basis the
|Financial Management Vision Statement that has been adopted by the CFO
|Council.

| (2) Goals and strategies.--Agencies should briefly discuss how they
|will achieve the goals and strategies for implementing government-wide
|financial management improvement that are associated with the
|Financial Management Vision Statement. This discussion should focus
|on those goals and strategies that agencies determine to be
|priorities, and should include examples of ongoing and proposed
|initiatives. Agencies should include sufficient information on the
|status of financial management activities and accomplishments to

|provide a context for their plans and resource request.

| (3) Financial systems structure.--Agencies should discuss their
|current financial management systems structure and plans for moving to
|their targeted systems structure. The scope of the financial systems
|discussion should cover, at a minimum:

| --core financial management systems, as described in the JFMIP Core
| Financial Management Systems Requirements Document;
| --financial and mixed systems critical to effective agency-wide
| financial management, financial reporting, or financial control;
| and
| --financial and mixed systems appearing on the High Risk List in the
| President's latest budget.

| The financial systems discussion should include the following
|information:

| (A) A baseline of financial and mixed systems, including a brief
| narrative assessment of major problems with current systems.--CFOs
| Act agencies should include updated schematics and an updated
| financial systems inventory. (A diskette containing the 1993
| inventory data to be updated has been distributed to Deputy CFOs
| through a separate memorandum with detailed instructions.)

| (B) The target structure for financial and mixed systems,
| including a brief discussion of the agency's financial management
| systems strategy.--CFOs Act agencies should include updated
| schematics illustrating the systems that will exist after
| implementation of planned improvements.

| (C) Projects required to move from baseline to target.--Agencies
| should provide a synopsis of critical projects that they are
| currently undertaking or planning to bring their systems from the
| current structure, as identified in the baseline, to the target

| structure.

| Information provided pursuant to subsections (A), (B), and (C) above
| will fulfill the requirement in OMB Circular No. A-127 that agencies
| prepare an annual plan for financial systems. This information should
| be consistent with the information resource management plans required
| by OMB Circular No. A-130 that are submitted by the agency to OMB.

| (4) Audited financial statements.--CFOs Act agencies should briefly
| discuss any impediments to the submission of the required annual
| audited financial statements, and steps to be taken to overcome the
| impediments.

15.5. Rental payments for space and land.

(a) Reporting threshold.--All agencies making rental payments to GSA (formerly known as Standard Level User Charges or SLUC) or to others (e.g., other Federal agencies or commercial landlords) in excess of \$1 million for space, structures and facilities, land and building services (including extra services, such as security or cleaning that agencies have requested in addition to the services provided by the basic rental charge) will provide the information described below. Other agencies will provide this information when requested by their OMB representative.

(b) Materials required.--Agencies are required to submit a Work Space Management Plan and Budget Justification report (GSA Form 3530) for the agency as a whole and, where applicable, for each bureau or other subordinate organization that makes rental payments.

The report consists of two sections. Section I--Work Space Management Plan will be prepared using the terms, definitions, and instructions provided in the Federal Property Management Regulations,

Temporary Regulation D-75, issued by GSA. The estimates of FTE employment reported in this section must equal the FTE estimates in the personnel summary (see section 36.1).

The estimates in Section II--Rent and Related Obligations Estimates (exhibit 15B) will be consistent with Section I and will be prepared in accordance with the guidelines provided below. (These guidelines have been incorporated into the instructions that accompany GSA Form 3530.)

Information in Section II will be presented separately for GSA-controlled space and for space and land rented by the agency from a Federal or non-Federal source under its own legal authority or under authority delegated by GSA.

For GSA-controlled space, agencies will identify the average rental rates used to estimate annual rental payments. If these average rental rates differ from the corresponding GSA-published rates by more than 5 percent, the agency will include an explanation of the differences.

Agencies should prepare average work space estimates for PY through BY that are weighted to reflect the size and timing of planned increases and decreases during the year from the end-of-year square footage estimates shown in their work space management plans. Work space estimates should not include any joint use space, as defined in GSA regulations. This space is not assigned to the agency and is not included in the work space estimates in the agency's work space management plan.

The total annual GSA rental amounts for each fiscal year will be computed by multiplying the average work space estimates for the year by the corresponding average rental rates. In most cases, these amounts will equal the total obligations (direct and reimbursable) reported under object class 23.1 for rental payments to GSA. However,

the amounts may differ as a result of the following:

- Certain agencies have been or are subject to congressional limitations on the rent GSA is permitted to charge them. Any difference in the PY or CY between the annual GSA rental amount and limitation should be shown as an adjustment.
- The projected costs of joint use space are not in the total annual GSA rental payment estimates. However, since GSA bills agencies for a proportionate share of such space, the cost of this space must be included in the estimates for rental payments to GSA.

In all cases, the object class 23.1 estimates will equal the annual GSA rental amounts plus or minus the adjustments. Agencies to which GSA has delegated certain building operations functions will be provided the necessary funds by GSA to pay for these functions. Agencies will use the full rent in computing the rental payments to GSA and the object class 23.1 estimate. No adjustments will be made for this purpose.

The agency should specify the amount of rental payments financed out of direct appropriations and the amount financed from other sources (e.g., revolving fund collections or other reimbursements).

For agency-rented space and land (ie., space and land rented from non-GSA sources), agencies should distinguish between rental payments to non-Federal sources and rental payments to Federal sources other than GSA. For rental payments to non-Federal sources, the agency should estimate separately the annual rental payments for office space, non-office space (excluding parking), parking, other land, and other rentals (e.g., structures and facilities). The total of these rental payments should equal the obligations reported under object class 23.2, rental payments to others. Rental payments to Federal sources other than GSA will be handled as indicated below.

For both GSA-controlled and agency-rented space, agencies should report any reimbursements they plan to make to Federal agencies other than GSA for space they sub-lease or receive by permit. (This space may be owned by the other agencies or leased by them and will be reported on their work space management plans.) For sub-leases of GSA-controlled space, report the rental payments as "Other payments," under GSA controlled space. Otherwise report the payments as "Other payments" under agency-rented space and land. Agencies should also report any payments they plan to make for extra services (e.g., cleaning, security, reimbursable work authorizations, etc.) beyond those services provided by the basic rental charge. Estimated payments for extra services should be classified, as appropriate, under object class 25.x.

If final budget decisions result in revised space, personnel, or rent obligation requirements, the agency will send OMB an updated report (GSA Form 3530) showing the revised estimates. This report is due no later than March 1. If those changes affect space rented from GSA, the agency will also notify the Public Buildings Service.

15.6. Information on grants to State and local governments.

Each agency having a Federal formula grants program to State or local governments will be required to provide information on the obligations and the percentage share of obligations allocated to each State, the District of Columbia, and Indian tribe set-asides, when applicable, for PY, CY and BY for each such program. This information will be submitted promptly after final budget decisions are made in accordance with separate instructions to be provided by OMB.

15.7. Information on motor vehicles.

Certain agencies are required by the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 (Public Law 99-272) to submit information on motor vehicles in their budget submissions to OMB. This information will be used to prepare a report that the President is required by law to transmit to the Congress.

(a) Reporting threshold.--Agencies, as defined in 5 U.S.C. 105, that operate at least three hundred motor vehicles are required to report data on acquisition, operation, maintenance, leasing, and disposal of motor vehicles. The Tennessee Valley Authority, the Postal Service, and the Postal Rate Commission are exempted from these requirements.

(b) Definitions.--For the purposes of reporting motor vehicle data under this subsection, the following definitions apply.

Motor vehicles are any vehicles that are self-propelled or drawn by mechanical power, except that the term does not include any vehicle designed or used for military field training, combat, or tactical purposes, or any other special purpose vehicle exempted by the Administrator of the General Services Administration.

Special purpose vehicles and equipment include vehicles and equipment used and designed for specialized functions. Vehicles and equipment exempted by this definition include, but are not limited to: trailers, semi-trailers, other types of trailing equipment, trucks with permanently-mounted equipment (such as aerial ladders); construction and other types of equipment included in Federal Supply Class (FSC) 38; material handling equipment in FSC 39; and fire-fighting equipment in FSC 42.

Cost of privately-owned vehicles (POVs) while on official business means the mileage cost reimbursed by the Government to the owner or

operator of such a vehicle, except when a POV is used:

- in a permanent change of station move;
- in lieu of a common carrier; and
- to commute between an employee's residence and a common carrier terminal or facility.

(c) Materials required.--Agencies are required to provide a report on total obligations and outlays for motor vehicle activities for PY through BY and a narrative statement on use of the GSA's Interagency Fleet Management System and other fleet management systems. These materials are required as a part of the initial budget submission (see section 10.3). Agencies will revise them, as necessary, to reflect final budget decisions.

Amounts reported will cover costs of motor vehicle acquisition, operation, maintenance, leasing, and disposal, including Government-owned, leased, and privately-owned vehicles used for official business. Separate identification of the various categories (e.g., operation, maintenance, etc.) of motor vehicle activities is not required.

As a general rule, agencies are required to report agency totals only. However, supporting account level detail may be required upon request by OMB. Data will be reported in thousands of dollars using the stub entries shown below.

Entry	Description

Motor vehicle:

Obligations	Report total obligations for the agency for motor
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vehicle acquisition, operation, maintenance, leasing,
and disposal for PY, CY, and BY.

Outlays	Report total outlays (net) for the agency for motor vehicle acquisition, operation, maintenance, leasing, and disposal for PY, CY, and BY. Report outlay totals as separate entries even if total obligations and outlays for motor vehicle activities are identical.
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A narrative statement will be provided with each report. The statement will explain why existing and new motor vehicle acquisition, operation, maintenance, leasing, and disposal activities cannot be met through:

- the use of a qualified private fleet management firm or other private contractor;
- increased reliance on the Interagency Fleet Management System operated by the General Services Administration; or
- other existing motor vehicle management systems.

Both the report and narrative should be identified as "Submission on Motor Vehicles" and include, in the lower right hand corner, the date of preparation, and the name and telephone number of an individual responsible for answering questions concerning the submission.

15.8. Information on consulting services.

The agencies listed below are required to submit information promptly after final decisions have been made. This information will

be used by OMB and agencies to comply with 31 U.S.C. 1114, 10 U.S.C. 2212 and P.L. 102-394.

For the purposes of reporting data under this subsection, agencies will use the definition of consulting services prescribed in section 35.4 (see object class 25.1).

(a) Coverage.--This information is required from all cabinet agencies, the Arms Control and Disarmament Agency, the Agency for International Development, the Environmental Protection Agency, the Federal Deposit Insurance Corporation, the General Services Administration, the National Aeronautics and Space Administration, the Office of Personnel Management, the Resolution Trust Corporation, and the Small Business Administration.

(b) Materials required.--An original and two copies of the following information are required:

--a schedule of consulting service activities for PY through BY for each appropriation or fund account that finances these activities in the format of exhibit 15C; and

--a summary schedule, when consulting services are funded from more than one account;

Amounts will be stated in obligations in thousands of dollars and totals should tie to amounts reported in object classification schedules for object class 25.1. Each schedule should have, in the lower right corner, the date of preparation and the name and telephone number of an individual responsible for answering questions concerning that schedule.

15.9. Information on receipts estimates.

Agencies are required to provide narrative information as described

below.

Explanations are required for major changes from one fiscal year to the next in the amounts reported for any account, trends in receipt estimates that differ from outlay trends for the related programs, and any other unusual circumstances relating to the estimates.

Agencies will report to OMB increases in amounts reported to Treasury Department accounts 1435.00 (General fund proprietary interest receipts, not otherwise classified) and 3220.00 (All other general fund proprietary receipts) when it is expected that the amounts collected from a single source will exceed \$10 million in any year or when legislation is proposed that will affect any receipts reported to those accounts.

Explanations of legislative proposals must be consistent with the agency's legislative program and multi-year planning estimates (see section 12.2) and should cover the expected timing of enactment and the annual level of receipts anticipated.

15.10. Information on Inspectors General for Designated Federal Entities (DFEs).

Each agency designated to establish an Office of Inspector General in the Inspector General Act Amendments of 1988 will submit information on budget authority and FTE levels for PY through BY for its Office of Inspector General. In addition, a concise narrative justifying the funding levels should be provided. Information on Inspectors General for DFEs will be submitted with the initial budget submission.

Introduction To Computer Materials

20.1. The MAX budget system.

The MAX budget system (MAX) is a computer system used to collect and process most of the information required for preparing the budget. MAX contains budget data for both appropriations or fund accounts and for receipt accounts.

Under MAX, data entry is controlled through appropriation and receipt account titles and classifications that are assigned at the account level. Changes to account titles or classifications (e.g., the addition of an account or change in a character class code) must be requested through the agency's OMB budget representative and made centrally by OMB.

MAX contains numerous crosschecks or error messages ("edit checks") to help ensure consistency of the data. The MAX User's Guide is a comprehensive reference document that describes OMB's computer system and lists MAX edit checks. It is available, upon request, from the Budget Review and Concepts Division, OMB (phone: (202) 395-6934). MAX training is available upon request, as described in the User's Guide. In addition, an explanation of the basic principles underlying MAX edit checks will be issued separately as Appendix D to this Circular.

The following table lists the MAX schedules, the types of data included in those schedules, and their purpose:

MAX schedules

Presi-		Reporting		
dential		period*		
policy	Baseline			
data	data	Type of data		Purpose of
schedule				

Appropriation account data: used for the			Policy data are	
by Agency			"Federal Programs	
listing, and			and Account"	
tables on			budget summary	
and outlays.			budget authority	
estimates are used			Baseline	
summary			for analyses and	
data.			tables on these	
A	S*	PY-BY+4	Analysis of budget authority	
			and outlays.	

C	--	PY-BY	Budget authority and outlays	Used for analyses
and tables				

by character classification on investment and
code. non-investment
data, Federal grants to State
and local governments, and
research and development.

D	--	PY-BY	Budget plan (DOD-Military	Generates print
schedules on			only)	budget plans.

|

E	--	PY-1-BY	Statement of operations.	Generates print
schedules on				statements of

|

operations.

F	--	PY-1-BY	Balance sheet.	Generates print
schedules on				balance steets.

G, H Y* PY-BY+4 Federal credit data. Policy estimates
are used to

Federal

print schedules

provide data for

credit program

and analyses.

U W* PY-BY+4 Baseline
estimates are used

these data.

for analyses of

|J -- PY-BY Status of funds. Generates print
schedules on

| status of funds.

|
|

|
|N** -- PY-BY Data on unavailable Generates print
schedules on

			collections.	unavailable
collections.				

O	--	PY-BY	Object classification data.	Generates object
				classification
print schedules				and budget
summary data.				

P and	--	PY-BY	Program and financing data.	Generates program
				financing print
schedules and				budget summary
tables.				

Q	--	PY-BY	Personnel summary data	Generates
personnel summary				print schedules.

Receipt account data: data on	Provides policy
offsetting	governmental and
"Federal	receipts for the
Agency and	Programs by
and for	Account" listing
information.	budget summary
R K* PY-BY+4 Receipts data.	Provides baseline
governmental	
receipts	and offsetting
analyses and for	estimates for
information.	budget summary

*Baseline data are not reported for the past year.	
**Only selected data are entered; the remaining data are generated	
automatically based	
on data in other MAX schedules.	

Section 21.2 describes the classifications of data required for
amounts to be entered into MAX schedules A, K, R and S. Section 20.5

references the sections of this Circular that provide detailed instructions on all the MAX schedules.

20.2. Reporting data in MAX.

The required computer materials listed in section 10.4 will be submitted in accordance with deadlines provided by OMB.

Agencies with computer access to MAX must use the system to submit these data. If data have previously been entered for a particular account and transmittal code, the data may be retrieved and changed. For a new account or transmittal code, a new account reporting format must be created in MAX before the data can be entered, following the instructions in the MAX User's Guide. Data for a new account cannot be entered until the account title and other control information have been established in MAX by OMB (see sections 20.1 and 20.4). If desired, agencies may order copies of MAX reports using their computer access.

For those agencies without computer access to MAX, the agency's OMB representative will provide copies of MAX reports containing schedules for that agency. These agencies will submit MAX data to OMB by writing the revised data on these reports. Data for accounts not yet created in MAX must be reported on paper in the same format as the computer reports. For this purpose, agencies may report new account data by writing the data on existing computer reports, along with the new account title and identification code.

20.3. Account identification codes.

Appropriation or fund account and receipt account identification

codes are assigned by OMB, coordinating with the Department of Treasury on assignment of certain components of the codes. They are used to access data in MAX. A variation of the code (described below) is also printed on the budget schedules generated from the MAX budget system. The account identification code is required on computer reports or other similar documents when new account information is provided to OMB.

The 12-position account identification code is constructed as follows:

XXX-xx-xxxxxx-x The agency code assigned by OMB. For new agencies
(first 3 proposed for the budget year, OMB will furnish the
positions). code to be used. (See Appendix C.)

xxx-XX-xxxxxx-x The bureau code assigned by OMB. For new agencies,
(4th and 5th OMB will provide the code to be used. (See Appendix
position) C).

xxx-xx-XXXXXX-x The basic account symbol assigned by the Treasury
(6th through 11th Department for appropriation or fund accounts and
position). for receipt accounts.
--For appropriation or fund accounts, the account
symbol is the 6th through 9th positions of the code.

The 10th and 11th positions should be left blank.

--For receipt accounts, the account symbol is the 4-position account symbol and 2-position suffix.

For new appropriation or fund and receipt accounts proposed for the budget year, OMB will notify agencies of the account symbol to be used when the change is approved (see section 11.6).

For supplementals or rescission proposals for existing accounts, the basic account symbol assigned to the existing account is used.

For supplementals where there is no existing account, a new account must be established (see section 20.4).

For schedules for which there are no separate Treasury basic account symbols (some schedules for limitations, etc.) codes will be assigned by OMB.

To establish new accounts, agencies are required to provide certain information (see section 20.4).

xxx-xx-xxxxxx-X The transmittal code identifies the nature or timing
(12th position) of transmittal of estimates, as described below:

[See crosswalk to

BAA footnote

below.]

0--Regular budget schedules

1--Supplemental

2--Legislative proposal, not subject to PAYGO. Use

for legislative proposals requiring authorizing legislation that are not subject to PAYGO. (Do not use for routine reauthorization of agency programs.)

3--Appropriations language to be transmitted later. (Use only with prior approval of OMB when language for a significant policy proposal cannot be transmitted in the budget.)

4--Legislative proposal, subject to PAYGO. Use for legislative proposals requiring authorizing legislation that have a PAYGO effect. (Do not use for routine reauthorizations of ongoing programs.)

5--Rescission proposal

An alternate 9-position identification code is also used in MAX to access data and to generate certain tables and summaries in the budget. This code substitutes the 2-position agency code assigned by Treasury for the OMB agency/bureau code assigned by OMB. The remaining seven positions of both the 12-position and 9-position account code are identical.

In addition to the two account identification codes described above, MAX sometimes displays a combination of the OMB agency/bureau and Treasury codes (e.g., at the top of the MAX data entry facility screen after an account is opened). This code presents sequentially the 3-position OMB agency code, the 2-position OMB bureau code, the 2-position Treasury agency code, the Treasury basic account symbol, and the transmittal code (xxx-xx-xx-xxxx-x for appropriation or fund accounts and xxx-xx-xx-xxxxxx-x for receipt accounts).

The account identification code printed in the budget includes the

2-digit Treasury agency code, 4-digit account symbol, 1-digit transmittal code, 1-digit fund type and 3-digit function/subfunction code.

Certain footnotes used in the printed "Federal Programs by Agency and Account" listing in the budget are based on the transmittal code of the account identification code. A crosswalk between the alphabetical codes that will be used in the printed budget and transmittal codes is provided below:

BAA footnote	Transmittal code

A--Supplemental.....	1
B--Legislative proposal, subject to PAYGO.....	4
H--Rescission proposal.....	5
I--Appropriations language to be transmitted later.....	3
J--Legislative proposal, not subject to PAYGO.....	2

20.4. Establishment of new accounts.

(a) General.--To establish a new appropriation or fund account or receipt account in MAX, agencies must obtain advance approval from OMB (see section 11.6) and provide the following information:

- proposed account title;
- agency and bureau affected;
- statutory authority or description of legislative proposal;

- fund type (see section 20.4(b));
- subfunctional (see section 20.4(c)) and character classification;
- whether the account is sequestrable or exempt;
- whether the account will finance payments to individuals;
- appropriations subcommittee jurisdiction;
- whether the account will have limitations on obligations; and
- for receipt accounts, the receipt type (see section 20.4(d)).

(b) Fund type.--Working with the Treasury Department, OMB will assign the account identification codes, based on the type of fund involved and other characteristics of the proposed new account.

The Treasury basic account symbol is assigned, based on the fund type, according to the following coding scheme for the 6th through 9th position of the 12-position account ID code (xxx-xx-XXXXxx-x) (See section 20.3.).

Treasury basic

account symbol

Type of fund

0000-3899	General fund
5000-5999	Special fund
4000-4499	Public enterprise revolving fund
4500-4999	Intragovernmental revolving fund
3900-3999	Management fund
8000-8399 and 8500-8999	Trust nonrevolving fund
8400-8499	Trust revolving fund

In MAX data entry, the Treasury basic account symbol can be used to identify fund type.

In cases where two or more accounts with different Treasury basic account symbols are included in a consolidated schedule (see section 11.5), "99" is used for the 6th and 7th position, the 8th position designates the fund type, and the 9th uniquely identifies the consolidated schedules for that fund type within the agency.

For consolidated schedules, the 8th position of the 12-position account ID code will be assigned, as appropriate:

Code Type of fund

1	General fund
2	Special fund
3	Public enterprise fund
4	Intragovernmental revolving or management fund
7	Trust nonrevolving fund
8	Trust revolving fund
9	For use when account consolidations cross fund types.

(c) Functional and subfunctional classification.--Each new appropriation or receipt account (except governmental receipts) is normally assigned one subfunction code by OMB. In rare cases, an appropriation account may be split between two or more subfunctions. If the subfunctions are in the same function, the code of the function is used (e.g., 500, 550, etc.). If two or more functions are involved,

the code "999" is used (see section 21.2).

(d) Receipt type.--Receipt data are classified either as governmental receipts or offsetting receipts by OMB. The classification takes into account:

- the source of the receipt;
- the authority for the collection and the nature of the transaction; and
- whether the receipt offsets agency or Governmentwide totals.

If the receipts associated with a particular program have more than one classification, separate accounts are established for each classification (See section 20.3.).

Each receipt account is assigned one of the receipt types listed below (See section 14.2 for definitions of receipts.). The table also specifies the level at which receipts are offset against budget totals.

Receipt	
classification	Budget treatment

Governmental receipts	Compared with outlays in calculating surplus or deficit.
Offsetting receipts	Consists of offsetting governmental, proprietary, and intragovernmental receipts, which offset budget authority and outlays totals, as indicated below.

|Offsetting governmental:

Distributed	Offsets agency budget authority and outlays.
Undistributed	Offsets Government-wide totals rather than agency
	budget authority and outlays.
Proprietary:	
Distributed	Offsets agency budget authority and outlay totals.
Undistributed	Offsets Government-wide totals rather than agency
	budget authority and outlays.
Intragovernmental:	
Interfund:	
Distributed	Offsets agency budget authority and outlay totals.
Undistributed	Offsets Government-wide totals rather than agency
	budget authority and outlays.
Intrafund:	
Federal funds	Offsets agency budget authority and outlay totals.
Trust funds	Offsets agency budget authority and outlay totals.

20.5. Summary of MAX line numbers.

The following table lists the range of line numbers and types of data that appear in the MAX computer reports and on the MAX computer screen.

MAX schedule

and line no.	Description	A-11 sec. no.
--------------	-------------	---------------

| A (Analysis of budget authority and outlays, presidential policy):

|

| For PY-BY+4:

4300-5300	Current budget authority	21.3
6300-6990	Permanent budget authority	21.3
7xxx	Limitations	21.3
8890	Offsetting collections	21.3
9950	Outlays from special funds	21.3
9960	Outlays from trust funds	21.3

|

| For PY-BY+1:

91xx-92xx	Outlays (except outlays under limitations)	21.3
93xx	Outlays from offsetting collections	21.3
97xx-98xx	Outlays from limitations	21.3

|

| For PY+2-BY+4:

9400	Outlays (except outlays under limitations)	21.3
95xx	Outlays from limitations	21.3

|

|

| C (Character classification):

|

| For PY-BY:

13xx-xx-15xx-xx	Investment data	25.4
20xx-xx	Non-investment data	25.4

|
|-----
|
|D (Budget plan):

| For PY-BY:

06xx-0893	Direct and reimbursable budget plan	36.7
	obligations (DOD-Military only)	

|-----
|
|(Financial statements):

| E (Statement of operations):

| For PY-BY:

01x1	Revenue	36.3
01x2	Expense	36.3
01x9	Net income or loss	36.3

|-----
|
| F (Balance sheet):

| For PY-1-BY:

1101-1999	Assets	36.3
2101-2999	Liabilities	36.3
3100-3999	Net position	36.3
4999	Total liabilities and net position	36.3

|

|-----

|

|G (Direct loan data, presidential policy):

| For PY-BY+4:

11xx-12xx	Direct loan data	33.7
33xx	Agency debt held by the FFB (liquidating accounts only)	33.10
6100-6200	Net interest data and comparable maturity (financing accounts only)	33.10

|-----

|H (Guaranteed loan data, presidential policy):

| For PY-BY+4:

21xx-23xx	Guaranteed loan data	33.8
6100-6200	Net interest data and comparable maturity (financing accounts only)	33.10

|-----

|J (Status of funds):

01xx	Unexpended balance, start of year	36.5
02xx	Cash income during the year	36.5
05xx	Cash outgo during the year	36.5
07xx	Unexpended balance, end of year	36.5
08xx	Commitments against unexpended balance (Use only with prior OMB approval)	36.5

|

|-----
|K (Receipts, baseline estimates):

|

| For CY-BY+4:

0000-00	Governmental receipts	
13xx-03	Offsetting receipts from sales of	21.4
	commodities, property, or assets	
1512-03	Offsetting receipts from education and	21.4
	training	
2004-03	All other offsetting receipts	21.4

|

|-----

|

|N (Data on unavailable collections):

|

| For PY only:

0199	Balance, start of year	36.6
------	------------------------	------

|

| For PY-BY:

0610	Unobligated balance returned to receipts	36.6
------	--	------

|

| For CY only:

0620	Reduction pursuant to Public Law xxx-xxx	36.6
------	--	------

|-----

O (Object classification):

For PY-BY:

x111-x130	Personal services and benefits	35.5
x210-x260	Contractual services and supplies	35.5
x310-x330	Acquisition of capital assets	35.5
x410-x440	Grants and fixed charges	35.5
x910-x999	Other	35.5

P (Program and financing):

For PY-BY:

00xx-09xx	Obligations, program by activities	32.2
1000	Total obligations	32.3
1700-3900	Balances, other financing data	32.3
40xx-53xx	Current budget authority	32.3
60xx-69xx	Permanent budget authority	32.3
7100-8700	Data on relation of obligations to outlays	32.4
88xx-89xx	Data on adjustments to budget authority and outlays	32.5
90xx-91xx	Outlays	32.5

Q (Personnel summary data):

For PY-BY:

xx01	Full-time equivalent employment	36.1
xx05	Full-time equivalent of overtime and holiday hours	36.1

|R (Receipts, presidential policy):

|
| For PY-BY+4:

0000-00	Governmental receipts	21.4
13xx-03	Offsetting receipts from sales of commodities, property, or assets	21.4
1512-03	Offsetting receipts from education and training	21.4
2004-03	All other offsetting receipts	21.4

|-----
|S (Analysis of budget authority and outlays, baseline estimates):

|
| For CY-BY+1:

2199	Unobligated balances (defense only)	21.3
------	-------------------------------------	------

| For CY-BY+4:

4300-5300	Current budget authority	21.3
6300-6990	Permanent budget authority	21.3
70xx	Limitations	21.3
8890	Offsetting collections	21.3

| For CY-BY+1:

91xx-92xx	Outlays (except outlays under limitations)	21.3
93xx	Outlays from offsetting collections	21.3
97xx-98xx	Outlays from limitations	21.3

	For BY+2-BY+4:		
	9400	Outlays (except outlays under limitations)	21.3
	95xx	Outlays from limitations	21.3
	For BY+1:		
	9991-9992	Budget authority and outlays for CCC for BY+1	21.3
		(memorandum entry)	

U (Loan levels and subsidy data, presidential policy):

For PY-BY+4:

11xx	Direct loan levels	33.9
13xx	Direct loan subsidy data	33.9
21xx	Guaranteed loan levels	33.9
23xx	Guaranteed loan subsidy data	33.9
35xx	Administrative expense data	33.9

W (Loan levels and subsidy data, baseline estimates):

For CY-BY+4:

11xx	Direct loan levels	33.9
13xx	Direct loan subsidy data	33.9
21xx	Guaranteed loan levels	33.9
23xx	Guaranteed loan subsidy data	33.9

35xx	Administrative expense data	33.9
------	-----------------------------	------

|Y (Federal credit data, baseline estimates):

|

| For CY-BY+4:

33xx	Agency debt held by the FFB (liquidating	33.10
	accounts only)	
6100-6200	Net interest data and comparable maturity	33.10
	(financing accounts only)	

20.6. Interrelationships of MAX schedules.

The MAX User's Guide contains a listing of all the data crosschecks (also called error messages or edit checks) comparing the consistency of the data within and among the various MAX schedules. A more detailed explanation of the relationships is included in the discussions of the individual schedules. A "help" feature in MAX also can be used to assist agencies in balancing accounts. Additional information on edit checks will be issued separately as Appendix D.

MAX Schedules on Budget Authority, Outlays, Limitations, and Receipts
(MAX Schedules A, K, R, and S)

21.1. Analysis of budget authority and outlays.

(a) Presidential policy (schedule A).--MAX schedule A is used to report budgetary resources and outlays for each account on a Presidential policy basis for the period PY through BY+4. In addition, memorandum entries are required for limitations, as described in section 21.3.

Estimates for PY through BY are based on program and financing data and line numbers. Estimates for BY+1 through BY+4 are based on the guidance on multi-year planning estimates contained in section 12.2. (Sections 21.2 and 21.3 provide additional information on the appropriate line number entries.)

Agencies will have the option to use MAX to calculate policy outlays for discretionary budgetary resources, as described in the MAX User's Guide.

(b) Baseline estimates (schedule S).--MAX schedule S is used to report baseline estimates of budgetary resources and outlays for each account for CY through BY+4. Baseline estimates for discretionary budgetary resources will be calculated automatically in the MAX budget system for BY through BY+4. These calculations will be made based on CY budgetary resources, spendout rates, and outlays from end of PY balances entered into MAX by agencies. Where an account has programs with different spendout rates, agencies may use the multiple spendout rates to calculate outlays.

Estimates will be based on the instructions in section 23, using the applicable line numbers described in the following sections.

21.2. Data classifications required.

In schedules A and S, data are reported by line number, subfunction,

BEA category, and by the other data elements specified below. Multiple entries are required when more than one classification is used to identify budgetary resources or outlays.

Separate entries are required in schedule S for CY through BY+1 to identify baseline budgetary resources and outlay data as exempt or sequestrable and to report the pay/non-pay portions of budgetary resources. In some instances, additional GRH program subaccount detail is required on baseline estimates in schedule S. (See section 23.1).

In schedules K and R, receipts data are also reported by the data elements listed below.

The following table describes requirements for schedules A, K, R, and S, unless otherwise noted. Classifications used for other MAX schedules are also listed.

Classification	Description	Applicability
SCHEDULE	Alpha character designation of the type of schedule in the MAX budget system.	All schedules. Appears at the beginning of each schedule.

LINE NUMBER Represents the 4-position line number of the data reported for all schedules except C, K and R. (see section 20.5).

For schedules C, K, and R, the line In all schedules,

number is a 6-position code (xxxx-xx) appears on each
indicating the character classification line for which
code assigned by OMB (see section 25.4). data are
For schedules K and R, governmental provided.
receipts will be reported on line
"0000-00".

| For a description of applicable line
| numbers for budget authority,
| imitations, outlays, and receipts, see
| sections 21.3(a), (b), (c), (d), and .4,
| respectively.
|

| -----

| SUBFUNCTION Indicates the subfunctional Schedules A, C,
| classification of the account used in K, R, and S.
| the latest budget document, unless
| notified otherwise by OMB.
| Applies to appropriation or fund
| accounts and offsetting receipt
| accounts. Governmental receipt accounts
| are not assigned a subfunction code.
| In multifunction accounts, the
| appropriate subfunction appears on each
| line for which data are reported.
| For accounts having a single
| subfunctional classification, data are
| entered without reporting the
| subfunction; for these accounts, the

subfunction designation is already
stored in MAX.

Note.--Multifunction accounts are
identified by the applicable code (e.g.,
"999", "550", etc) in the printed
budget (see section 20.4(c)); however,
in MAX, data are reported by the
appropriate subfunction (e.g.,
subfunction 301, 302, etc.)

GRH PROGRAM	Indicates subaccount data for baseline	Schedules K and
	estimates (see section 23.3). For	S.
	appropriation or fund accounts,	
	indicates subaccount program data. For	
	receipt accounts, the GRH program	
	designation (for social security, other	
	nondefense, or defense programs) is	
	automatically stored in MAX.	

Classification	Description	Code	Applicability

BUDGET ENFORCEMENT	Indicates the BEA category		Schedules A, K,
CATEGORY/	(i.e., discretionary,		R and S.

SUBCATEGORY/
JURISDICTION

mandatory, net interest, or
governmental receipts);
subcategory (i.e., emergency,
asset sales, and modification
to a mandatory account); and
jurisdiction (i.e.,
appropriations or authorizing
committee).

Applies to budget authority
(including spending authority
from offsetting collections),
limitations, outlays, and
governmental and offsetting
receipts. It is also
applicable to offsetting
collections credited to
accounts (line 8890) and to
unobligated balances (line
2199) for defense only.

In most cases, spending
authority from offsetting
collections (line 6890), the
offsetting collections from
which they are derived (line
8890), and outlays from the
offsetting collections (lines
93xx) will be classified as
discretionary for accounts

classified as discretionary under the BEA. Likewise, these lines will be classified as mandatory in accounts designated as mandatory under the BEA, except for administrative expenses, which are classified as discretionary. (Prior OMB approval is required for any cases where data reported on lines 6890, 8890, and 93xx are split between discretionary and mandatory BEA classifications.)

Applicable	All discretionary resources
categories:	are under the jurisdiction of
	appropriations committees. The
	classification for mandatory
	resources differentiates
	between appropriations and
	authorizing committee
	jurisdiction.
(Note.--Codes	Data should be reported by the
listed in the third	categories listed below.
column are for OMB	Multiple entries are required
internal use only.)	when budgetary resources and

the resulting outlays are
classified in more than one
BEA category/ subcategory/
jurisdiction.

User fee proposals are
discussed under a separate
heading in this table.

The user fee category is not
applicable to baseline
estimates.

Discretionary

This is the generic category D
for discretionary. It includes
spending authority that
requires appropriation
committee action and the
associated outlays. Also
includes receipts made
available through action by
appropriations committees in
discretionary accounts.
Excludes discretionary
emergency funding, asset
sales, appropriations action
modifying a mandatory account
which are classified in the
categories described below.

|
|Discretionary, Emergency funding (i.e., E
|emergency funding designated as
| emergency by the President and
| the Congress in statute) that
| is included in an
| appropriations committee
| discretionary account. (Use
| only with OMB approval.)
|

|Discretionary, asset Asset sales are proceeds B
|sales received from sales of assets
| that cannot be counted for
| G-R-H (i.e., those not
| mandated by law prior to Sept.
| 18, 1987 or not consistent
| with operations in FY 1986)
| that are included in an
| appropriations committee
| discretionary account.
|

|Discretionary, Appropriations action P
|modification of a modifying spending authority
|mandatory account or receipts in a mandatory
| account. Not applicable to
| baseline estimates. (Use only
| with OMB approval.)
|

|Mandatory, This is the generic category M

|appropriations for mandatory under
|committee appropriations committee
| jurisdiction. It includes
| spending authority, outlays,
| and receipts that are
| classified as mandatory under
| the BEA and are under
| appropriations committee
| jurisdiction. Excludes amounts
| classified in other mandatory
| categories, or net interest,
| and governmental receipts,
| which are classified in the
| categories described below.
|

|Mandatory, This is the generic category U
|authorizing for mandatory under
|committee authorizing committee
| jurisdiction. It includes
| spending authority, outlays,
| and receipts that are
| classified as mandatory under
| the BEA and are under
| authorizing committee
| jurisdiction. Excludes amounts
| classified in the other
| categories listed. Most
| mandatory receipts are
| classified as mandatory,

	authorizing committee.	
Mandatory, emergency	Emergency funding (as defined	Y
appropriations	above) included in a mandatory	
committee	account under appropriations	
	committee jurisdiction. (Use	
	only with OMB approval.)	
Mandatory,	Emergency funding (as defined	Z
emergency,	above) in a mandatory account	
authorizing	under authorizing committee	
committee	jurisdiction. (Use only with	
	OMB approval.)	
Mandatory, asset	Asset sales (as defined above)	C
sales,	that are included in a	
appropriations	mandatory account under	
committee	appropriations committee	
	jurisdiction.	
Mandatory, asset	Asset sales (as defined above)	A
sales, authorizing	that are included in a	
committee	mandatory account under	
	authorizing committee	
	jurisdiction.	
Net interest	Interest included in the net	U
	interest function. Applies to	
	budget authority, outlays, and	

| receipts in function 900.
|
| Governmental Receipts classified as
| receipts governmental in schedules K
| and R (See section 14.2(d)).
|

| -----

| USER FEES
|

User fees,	Indicates proposals to	G Schedules A and
discretionary	initiate new user fees or to	H R.
User fees,	change the level of an	
mandatory,	existing user fee.	F
appropriations	Applies to offsetting	
committee	collections credited to	
User fees,	appropriation or fund accounts	
mandatory,	(line 8890) or offsetting	
authorizing	receipts that are for new or	
committee	expanded user fees. Use for	
	user fee proposals only, i.e.,	
	proposals that are for fees	
	assessed to the public as	
	specified in OMB Circular No.	
	A-25. These include proposals	
	for user fees assessed for	
	Government services and for	
	the sale or use of Government	
	goods or resources (not	

| including the sale of capital
| assets). Also excludes
| governmental receipts.
|
| Not applicable to baseline
| estimates.

SEQUESTRABLE/EXEMPT	Indicates whether amounts are sequestrable or exempt. Applicable to baseline budget authority, unobligated balances (for defense only), limitations, and outlays and is used to compute maximum deficit amount sequesters. Does not apply to receipt accounts. Sequestrable indicates amounts not exempted by any provision of G-R-H and therefore, subject to a uniform percentage reduction, elimination of an automatic spending increase, or reduction under special rules. Applies to spending authority from offsetting collections	Schedule S for CY-BY+1 only.
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from non-Federal sources. Does not apply to outlays from prior year balances or from prior limitations for non-defense accounts.

Exempt indicates that amounts are not subject to any reduction because the program, account, or resource type is specifically exempted by G-R-H. Spending authority from offsetting collections from federal sources is exempt from sequester.

CIVILIAN	Indicates whether amounts are	Schedule S for
PAY/MILITARY	used to fund personnel	CY-BY+1 only.
PAY/NONPAY	compensation or other	
	activities.	
	Applicable to baseline budget	
	authority and limitations.	
	Does not apply to receipt	
	accounts.	
	Civilian pay indicates the	

| amount of budgetary resources
| used to fund civilian
| personnel compensation,
| consistent with the
| definitions for object classes
| 11.1 through 11.5 and 12.1.

| Military pay indicates the
| amount of budgetary resoruces
| used to fund pay for military
| personnel, consistent with
| object classes 11.7 and 12.2.

| Applies to pay from current
| budget authority or
| limitations only.

Nonpay is used to indicate the
amount of budgetary resources
not used to fund personnel
compensation. Applicable to
permanent budget authority
even if it funds personnel
compensation.

AMOUNTS

Report data for budget
authority, limitations,

All schedules.

outlays, and receipts at the
lowest level of classification
reflected in the preceding
columns.

21.3. Line number coding for schedules A and S.

(a) Budgetary resources.--Budget authority is reported by line number, indicating the applicable type of budget authority and whether the authority is current or permanent. Limitation data are reported by line numbers that distinguish between types of limitation (e.g., limitation on program level, direct loan limitation, etc). The line numbers used to report budgetary resources and applicability of those line numbers to schedules A and S are indicated below.

BUDGETARY RESOURCES

Line number	Description	Applicability*
-------------	-------------	----------------

BUDGETARY RESOURCES

In multifunction accounts, separate
entries are required when data are
reported in more than one subfunction.

2199	<p>Unobligated balances (defense only). Report the unobligated balances of budgetary resources that became available in previous years. Use only for accounts in function 050, national defense. Amounts reported on line 2199 should equal the sum of entries on lines 21xx of the program and financing schedule.</p>	<p>Schedule S for CY-BY+1 only.</p>
4300-5300	<p>Current budget authority. Report the appropriate current budget authority amounts from the program and financing schedule for each applicable type of authority that is provided in advance in annual appropriations acts. Use total lines (lines 43.00, 47.90, 49.90, or 53.00) when entering data on current budget authority in these schedules. (see section 32.3).</p>	<p>Schedules A and S.</p>
6300-6990	<p>Permanent budget authority. Report the appropriate permanent budget authority amounts from the program and financing schedule for each applicable type of authority that is not provided in advance in annual appropriations acts. Use total lines (lines 63.00, 64.90, 65.90, 67.90, 68.90, or 69.90) when</p>	<p>Schedules A and S.</p>

entering data on permanent budget
authority in these schedules.

Memorandum entries:

7xxx Limitations. Report for each account
where legal limitations are enacted or
proposed (e.g., limitations on
administrative expenses or where de
facto limitations are established as a
result of the Budget Enforcement Act,
which amended the Gramm-Rudman-Hollings
(G-R-H) law. Also includes limitations
on obligations enacted in authorizing
legislation for certain transportation
programs in the absence of limitations
enacted in appropriations acts. (See
section 21.3(b) for the coding scheme
for limitations.)

Note: Baseline data are not required for
loan limitations.

9991	Budget authority for CCC for BY+1 for the crop year beginning in the budget year. Report for the Commodity Credit Corporation only.	Schedule S for BY+1 only. (Enter data in BY column.)
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Notes:

Under MAX, baseline estimates for discretionary budgetary resources are	Schedule S for BY-BY+4.
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calculated automatically. (See sections
21.1 and 23.2.)

Total spending authority from offsetting Schedules A and
collections credited to accounts should S.
be reported on line 68.90. Sequestrable
and exempt amounts should be reported on
separate lines.

See section 21.2 for sequestrable/exempt Schedule S.
and pay/non-pay classifications required
for baseline estimates of budgetary
resources.

*Baseline data (schedule S) are not reported for the PY.

(b) Limitations.--Data on limitations and associated outlays are
required for each account where legal limitations are enacted or
proposed (e.g., limitations on administrative expenses or where de
facto limitations are established as a result of the Budget
Enforcement Act, which amended the Gramm-Rudman-Hollings (G-R-H) law.
(Note: Credit limitations should be reported in the program account.
Baseline data on credit limitations are not required because these
limitations are not sequestrable.)

De facto limitations established as a result of the G-R-H law will
be reported only for past and current years, as applicable.

The line number for limitations will be coded as follows:

Line number	Description	Applicability*
Xxxx	For the first digit, use "7" to report the amount of the limitation and "9" to report the outlays associated with the limitation. (Outlay data are not required for limitations on loan guarantee commitments.)	Schedules A and S.
xXxx	For the second digit, use "0" to report the amount of the limitation and "9" to report G-R-H reductions in limitations (other than reductions in credit limitations and defacto limitations). Outlays from limitations will be shown on a post-sequester basis and will be coded as follows:	Schedules A and S for BY+2-BY+4.
	5--total outlays from limitations for BY+2-BY+4.	Schedules A and S for PY-BY+1.
	7--outlays from new limitations (i.e., from a limitation in the year the limitation is enacted or proposed) through BY+1.	
	8--outlays from prior limitations (i.e., from limitations that were enacted in prior years) through BY+1.	
xxXx	The third digit denotes whether or not	

the limitation was established as a
result of the G-R-H law. Use "0" if the
limitation was not established as a
result of G-R-H. Use "1" for defacto
limitations established as a result of
G-R-H. For outlays, use "0" in all
cases.

xxxxX The fourth digit identifies the specific Schedules A and
limitation pertaining to the account and S.
will be assigned by OMB as follows:
1 through 5--limitation on
administrative and other expenses
6--limitation on program level
(obligations)
7--limitation on direct loan activity Use xxx7 or xxx8
for
| 8--limitation on loan guarantee Schedule A only.
| commitments
| 9--reserved for OMB use.

Note: Any supplemental request involving Schedules A and
limitations will be presented in a S.
schedule under a separate transmittal
code, even if a separate program and
financing schedule is not required.

*Baseline data (schedule S) are not reported in the PY.

When more than one limitation is applicable, they will be displayed and identified separately. Generally, limitation amounts will be shown on a presequester basis, and the effects of any reductions pursuant to G-R-H will be reported separately. Defacto limitations will be shown as if they were in place before the sequester. All outlays from limitations will be shown on a gross basis.

Budget year limitation amounts should correspond to the limitation language presented in the budget for the budget year. Current year presequester limitation amounts should correspond to the enacted limitation language printed in the budget. For accounts with limitations on direct loan obligations and loan guarantee commitments, the limitation amounts should tie to the amounts reported in MAX schedules G and H (see section 33).

| (c) Offsetting collections.--Data on offsetting collections are
| required through BY+4 for each account with offsetting collections in
| schedules A and S. Offsetting collections are reported on line 8890 by
| subfunction and BEA category.

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|

| OFFSETTING COLLECTIONS

|

|-----

Line number	Description	Applicability*
-------------	-------------	----------------

|-----

	In multifunction accounts, separate	
	entries are required when data are	
	reported in more than one subfunction.	

|
| Offsetting Collections (Applicable only Schedules A and S
| to accounts with offsetting for PY-BY+4.
| collections).

| 8890 Total offsetting collections. Report
| total offsetting collections for
| accounts credited with offsetting
| collections in the program and financing
| schedule. Line 8890 should equal the
| total offsetting collections (line 88xx)
| in the program and financing schedule.
| Discretionary and mandatory offsetting
| collections should be reported on
| separate lines. (For treatment of
| outlays from spending authority from
| offsetting collections, see discussion
| of lines 93xx in sec. 21.3(d).

| -----

| *Baseline data (schedule S) are not reported in the PY.

| -----

(d) Outlays.--In addition to data on budget authority, limitations,
and offsetting collections, schedules A and S are used to report gross
outlays.

Gross outlays from new budget authority, from balances of budget
authority made available in prior years, and from new and prior
| limitations, are reported separately through BY+1. In addition,

|outlay data from current and permanent authority are separately
|identified through BY+1. Within permanent authority, outlays from new
|and prior spending authority from offsetting collections should be
|reported separately from outlays from other types of permanent budget
|authority. Separate memorandum (non-add) entries are required for
|gross outlays from special and trust funds through BY+4. Each outlay
|entry must be reported by BEA category (see section 21.2).

For BY+2 through BY+4, gross outlays from limitations are also
reported separately from outlays from other budgetary resources not
controlled by limitations in schedules A and S.

Spending from offsetting collections should be reported at the
actual rate, which should generally be consistent with the spendout
for the account as a whole.

In schedule A, the total gross outlays reported for PY through BY
(i.e., the sum of lines 91xx-98xx described below) must be consistent
with those reported in MAX schedule P. The distribution of PY outlays
between those from new budget authority and those from balances of
prior authority should be available from accounting records. The
distribution of CY through BY+1 outlays between those from new budget
authority and those from balances will be estimated based on
experience in the timing of outlays for the respective obligations.

Outlay data are classified as described below. The applicability of
line numbers to schedules A and S is also noted. Requirements for
|PY-BY+1 are discussed in the first part of the table; BY+2-BY+4
|requirements follow; requirements for memorandum (non-add) entries are
|found at the end of the table.

OUTLAYS

Line number	Description	Applicability*
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GROSS OUTLAYS FOR PY-BY+1

In multifunction accounts, separate entries are required when data are reported in more than one subfunction.

Gross Outlays from Current Authority

- | | | |
|------|--|---|
| 9111 | Outlays from new current authority. Report the Schedules A and S amount of outlays from new current budget authority for that year. These outlays may not exceed the sum of current budget authority entries in the program and financing schedule (lines 40.xx through 53.xx) for that year. Exclude outlays from new limitations reported on line 97xx. | for PY-BY+1. |
| 9121 | Outlays from current non-defense balances. Report the amount of outlays from balances (both obligated and unobligated) of current budget authority brought forward from the previous year. The sum of outlays on lines 9121 and 9221 may not exceed balances at the start of the year (lines 21.xx and 72.xx of the program and financing schedule), plus or | Non-defense outlays from current balances in schedules A and S for PY-BY+1. |

minus adjustments in those balances during the year (lines 22.00, 73.00, 77.00, 83.00, 83.10, and 85.00 of the program and financing schedule). Exclude outlays from prior limitations reported on line 98xx. In schedule S, outlays from prior year balances of non-defense accounts should be classified as exempt.

9131	Outlays from current obligated defense balances. Report the amount of outlays from obligated balances of current budget authority brought forward from the previous year. The sum of outlays on lines 9131 and 9231 may not exceed obligated balances at the start of the year (line 72.xx of the program and financing schedule), plus or minus adjustments in those balances during the year (lines 73.00, 77.00, 78.00, 83.00, 83.10, and 85.00 of the program and financing schedule). Exclude outlays reported on line 98xx.	Defense outlays from current obligated balances in schedules A and S for PY-BY+1.
------	---	---

9141	Outlays from current unobligated defense balances. Report the amount of outlays from unobligated balances. The sum of outlays on lines 9141 and 9241 may not exceed the unobligated balances at the start of the year (line 21.xx of the program and financing schedule), plus or minus adjustments in those balances during the year (lines 17.00, 22.00, and 23.xx. Exclude outlays reported on line	Defense outlays from current unobligated balances in schedules A and S for PY-BY+1.
------	--	---

98xx.

| 97xx Outlays from new limitations. Report the Schedules A and S
| amount of outlays from new limitations (i.e., for PY-BY+1.
| outlays from limitations in the year the
| limitations were enacted or proposed.) Include
| outlays from spending authority from
| offsetting collections that are controlled
| through new limitations. (See section 21.3(b)
| for instructions on limitation coding.)
|

| 98xx Outlays from prior limitations. Report the
| amount of outlays from prior limitations
| (i.e., outlays from limitations that were
| enacted in prior years). Include outlays from
| spending authority that are controlled through
| prior limitations. In schedule S, outlays from
| prior limitations should be classified as
| exempt.
|

| Note: For reporting purposes, outlays from
| limitations are considered to be outlays from
| current authority.

| Gross Outlays from Permanent Authority
| (including outlays from offsetting
| collections)
|

| 9211 Outlays from new permanent authority. Report Schedules A and S
| the amount of outlays from permanent budget for PY-BY+1.
| authority (except outlays from new spending

	authority from offsetting collections)	
	becoming available in that year. These outlays	
	may not exceed the total amount of permanent	
	authority reported on lines 60.xx through	
	67.90 and 69.90 of the program and financing	
	schedule for that year.	
	9221 Outlays from permanent non-defense balances.	Non-defense
	Report the amount of outlays from balances	outlays from
	(both obligated and unobligated) of permanent	permanent
	authority (excluding outlays from spending	balances in
	authority from offsetting collections in	schedules A and S
	revolving funds previously credited to the	for PY-BY+1.
	account) brought forward from the previous	
	year. The sum of entries on lines 9121 and	
	9221 may not exceed balances at the start of	
	the year (lines 21.xx and 72.xx of the program	
	and financing schedule), plus or minus	
	adjustments in those balances during the year	
	(lines 22.00, 73.00, 77.00, 83.00, 83.10, and	
	85.00 of the program and financing schedule).	
	In schedule S, outlays from prior balances of	
	non-defense accounts should be classified as	
	exempt.	
	9231 Outlays from permanent obligated defense	Defense outlays
	balances. Report the amount of outlays from	from permanent
	obligated balances of permanent authority	obligated
	(excluding outlays from spending authority	balances in
	from offsetting collections in revolving funds	schedules A and S
	previously credited to the account) brought	for PY-BY+1.

| forward from the previous year. The sum of
| entries on lines 9131 and 9231 may not exceed
| obligated balances at the start of the year
| (line 72.xx of the program and financing
| schedule), plus or minus adjustments in those
| balances during the year (lines 73.00, 77.00,
| 78.00, 83.00, 83.10, and 85.00 of the program
| and financing schedule)

| 9241 Outlays from permanent unobligated defense Defense outlays
| balances. Report the amount of outlays from from permanent
| unobligated balances of permanent budget unobligated
| authority (excluding outlays from spending balances in
| authority from offsetting collections in schedules A and S
| revolving funds previously credited to the for PY-BY+1.
| account) brought forward from the preceding
| year. The sum of entries on lines 9141 and
| 9241 may not exceed unobligated balances at
| the start of the year (line 21.xx of the
| program and financing schedule), plus or minus
| adjustments in those balances during the year
| (including the restoration of balances
| previously written off) (lines 17.00, 22.00,
| 23.xx, and 25.xx of the program and financing
| schedule).

| 9311 Outlays from new spending authority from Schedules A and S
| offsetting collections. Report outlays from for PY-BY+1.
| new spending authority from offsetting
| collections becoming available in that year.
| These outlays can not exceed the total amount

	reported on line 68xx of the program and	
	financing schedule for that year.	
9321	Outlays from non-defense balances of spending authority from offsetting collections. Report outlays from balances (both obligated and unobligated) of this non-defense spending authority brought forward from a previous year.	Non-defense outlays from balances of offsetting collections in schedules A and S for PY-BY+1.
9331	Outlays from obligated defense balances of spending authority from offsetting collections. Report outlays from obligated defense balances of this spending authority brought forward from a previous year.	Defense outlays from obligated balances of offsetting collections in schedules A and S for PY-BY+1.
9341	Outlays from unobligated defense outlays of spending authority from offsetting collections. Report outlays from unobligated balances of this spending authority brought forward from a previous year.	Defense outlays from unobligated balances of offsetting collections in schedules A and S for PY-BY+1.
	Notes:	
	Outlays from spending authority from offsetting collections that arise from current congressional action (i.e., current authority) and from permanent authority will be reported on lines 93xx.	Schedules A and S for PY-BY+1.

Discretionary and mandatory outlays from Schedules A and S
offsetting collections should be reported on for PY-BY+4.
separate lines.

Outlays from offsetting collections that are
controlled through limitations should be
reported under the appropriate limitation
lines (lines 95xx, 97xx, 98xx), rather than on
line 93xx.

For each year, the sum of amounts reported as
gross outlays from current and permanent
authority (except for line 99xx, which is a
non-add entry) should equal total gross
outlays (line 8700 from the program and
financing schedule or line 9000, if the
account has no offsetting collections).

Likewise, the sum of gross outlays plus
offsetting collections (a minus entry) should
equal net outlays (line 9000 in the program
and financing schedule).

Schedule A for
PY-BY.

Under MAX, outlays for discretionary baseline Schedule S for
estimates in schedule S are calculated BY-BY+4.
automatically (see section 21.1 and 23.2).

Outlays from discretionary resources reported Schedule A for
in schedule A (Presidential policy) may be BY-BY+4.
calculated automatically or amounts may be
entered directly into MAX.

GROSS OUTLAYS FOR BY+2-BY+4

In multifunction accounts, separate entries are required when data are reported in more than one subfunction.

| 9400 Outlays (except outlays under limitations). Schedules A and S
| Report outlays associated with budgetary for BY+2-BY+4.
| resources that are not controlled by
| limitations. Includes outlays from offsetting
| collections that are not controlled through
| limitations.

|
| 95xx Outlays from limitations. Report outlays from
| limitations in the year the limitation is
| enacted or proposed and from limitations
| enacted in prior years. Include outlays from
| offsetting collections that are controlled
| through limitations. The fourth digit will be
| used to identify the type of limitation e.g.,
| limitation on administrative expenses or
| program level, etc. (see section 21.3(b)).

|
| Note: For each year the sum of amounts
| reported on lines 9400 and 95xx should equal
| total gross outlays.

|
| MEMORANDUM ENTRIES

|

|9950 Outlays from special funds. Report the amount Schedule A for
 | of outlays from special funds (i.e., outlays PY-BY+4.
 | from current and permanent special fund budget
 | authority on lines 4020, 4025, 5020, 5025,
 | 6020, 6025, 6520, and 6525).

|

|9960 Outlays from trust funds. Report the amount of
 | outlays from trust funds (i.e., outlays from
 | current and permanent trust fund budget
 | authority on lines 4026, 4027, 5026, 5027,
 | 6026, 6027, 6526, and 6527).

|9992 Outlays from budget authority for CCC for BY+1 Schedule S for
 | for the crop year beginning in the budget BY+1 only. (Enter
 | year. Report for the Commodity Credit in the BY
 | Corporation only. column.)

*Baseline data (schedule S) are not reported in the PY.

21.4. Receipt account line number coding (Schedules K and R)

MAX schedule R is used to report Presidential policy receipt account data for PY through BY+4; schedule K is used to report baseline receipt account data for CY through BY+4. Data on all collections deposited in receipt accounts (i.e., governmental and offsetting receipts) are reported by line number, subfunction, GRH program, BEA

category, jurisdiction, and user fee designation, as appropriate. (See section 21.2).

Receipts data are reported by the line numbers described below. Line numbers for offsetting receipts are the codes used to designate receipt character classification (see section 25.4). Only one character classification (line number) is valid for each receipt account.

Line			
number	Title	Description	Applicability*

0000-00	Governmental	Report all receipts	
	receipts	classified as governmental	
		(see sections 14.2(d) and	
		20.4).	
	Offsetting	Report all offsetting	
	receipts:	receipts based on the	
		character classification of	
		the receipts (see sections	
		14.2, 20.4, and 25.4).	
1330-03	Proceeds from	Most offsetting receipts	Schedules K and
	sale of	will be reported on line	R.
	commodities	2000-03.	
1340-03	Receipts from		

		sales of
		property or
		assets
	1352-03	Receipts from
		other physical
		assets
	1512-03	Receipts from
		education and
		training
	2004-03	All other
		offsetting
		receipts

*Baseline data (schedule K) are not reported in the PY.

Baseline Estimates (MAX Schedules S and K)

23.1. General instructions.

(a) Purpose.--OMB is required to produce estimates by following the rules specified in section 257 of the Budget Enforcement Act of 1990 (BEA). These estimates are used for sequestration reporting purposes.

(b) Materials required.--Each agency, including the legislative

branch and the judiciary, will submit estimates, with related supporting materials, of the budgetary resources, outlays, and receipts that project the CY levels into BY through BY+4 based on enacted legislation. The guidelines for deriving all baseline estimates are described in section 23.2.

Baseline estimates, including receipts data, are required for all programs under current law. Data will be reported in the following MAX schedules:

- schedule S (CY through BY+4) for data on budgetary resources, outlays, limitations, and spendout rates (see sections 21.2, 21.3, and 23.3);
- schedules W and Y (CY through BY+4) for data on Federal credit programs (see sections 33.9 and 33.10); and
- schedule K (CY through BY+4) for receipts data (see section 21.4).

Baseline estimates for discretionary resources in schedule S will be calculated automatically for BY through BY+4, as described in section 23.2(b).

23.2. Development of baseline estimates.

The law provides explicit instructions about how to develop the baseline estimates. Some apply to all baseline estimates. However, most rules are specific to two categories of collections and spending: those that are controlled through annual appropriations acts (discretionary spending) and those that are controlled through authorizing legislation (direct spending and receipts). The classification of collections and spending follow the criteria specified in the BEA. Agencies should consult their OMB representative with questions concerning BEA classification.

(a) General rules.--The baseline is a projection of the current year (CY) levels of budgetary resources, outlays, and receipts into the BY-BY+4 period, based on laws already enacted. The following rules apply to all baseline estimates:

(1) Legislative proposals.--Legislative proposals are considered to be changes from current law, and their budgetary effects should not be reflected in the baseline estimates.

(2) Supplementals.--Generally, only supplementals associated with mandatory programs should be included in the baseline.

(3) Regulations, management initiatives, and administrative actions.--The effect of these, including planned regulations that are not final, should be included in the baseline estimates, as long as they can be implemented without further legislation.

(4) Reductions pursuant to a sequester order.--CY reductions resulting from sequestration will be reflected without separate identification in the baseline estimates.

(5) Credit programs.--The baseline estimates for credit programs will be based on enacted appropriations of subsidy budget authority for direct loans and guaranteed loan commitments (see section 33).

(b) Baseline estimates for discretionary spending and collections.--The BEA requires the baseline estimates for discretionary spending and collections to be based on the levels provided in the most recent appropriations act or full-year continuing resolution (CR) (or if a part-year CR is in effect, on the annualized level of the CR). Except for advance appropriations, the most recent appropriations act or full-year CR is normally for the current year. Special rules are provided for estimating the baseline for BY-BY+4, when no appropriations have been enacted for those years.

(1) Current year base.--Estimates will be consistent with the enacted current year amounts reported in MAX schedule A for the account (see section 21.3). Proposed supplementals are excluded from the estimates. Consistent with the BEA scoring rules (see Appendix A), the effects of enacted rescissions and transfers will be included in the current year estimates. The rescission or transfer of unobligated balances to another account will be scored as a reduction in current year budget authority. Transfers of unobligated balances into an account are scored as increases in budget authority in the receiving account. Budgetary resources must be separated into sequestrable and exempt (from sequester) components. Each of these components must be separated into pay-related and non-pay portions.

(2) BY through BY+4 baseline estimates.--In most cases, baseline estimates of budgetary resources will be equal to the most recent full year appropriation (generally the CY level) adjusted for anticipated inflation using factors supplied by OMB. Special adjustments are required for assumptions about expiring housing contracts and social insurance administrative expenses. Affected agencies should contact their OMB representative for guidance regarding these estimates. Estimates for accounts that have been provided advance appropriations and for offsetting collections credited to appropriations accounts should be consistent with the instructions in subsections 23.2(b)(3) and (5) below.

Outlays from budgetary resources provided prior to the budget year should be the same in the baseline and in the Presidential policy estimates, unless policy proposals restrict or accelerate spending from such balances. New budgetary resources generally should outlay at a rate that is consistent with Presidential

| policy spendout rates.

| Budgetary resources (except offsetting collections) and outlays
| (including outlays financed by offsetting collections) will be
| calculated automatically in MAX. The calculations will be based
| on the level of CY budgetary resources, outlays from end of PY
| balances, and CY and BY spendout rates entered into MAX by
| agencies, and pay-related and non-pay deflators entered into MAX
| by OMB. Agencies will report outlays of PY balances and spendout
| rates by using the separate MAX drop-down menu that is accessible
| for each discretionary budgetary resource, as described in the MAX
| User's Guide (see exhibit 23).

(3) Advance appropriations.--If an advance appropriation has been
provided, and the budgetary resources provided were clearly
intended to fund all of the account's activities or if the advance
appropriation exceeds the current year appropriations level, then
the baseline estimate of new budgetary resources should be equal
to the advance appropriation, not the CY inflated level. The last
year of the advance appropriation becomes the base for calculating
the baseline estimates for the remaining years, using the rules
described in (2) above. If an advance appropriation is clearly
intended to fund only a portion of the account's activities, it
should be ignored, and the baseline should be estimated using the
CY level as the base. Affected agencies should consult with their
OMB representative for guidance.

(4) Discretionary credit accounts.--The OMB subsidy model will
inflate CY subsidy budget authority using the annual adjustment
factor for non-pay costs from the economic assumptions for the
budget. Subsidy outlays will be derived from the subsidy budget
authority. The estimated subsidy rate for the BY and later years

should be a separate and distinct calculation from that done for the CY. The OMB subsidy model will compute the subsidy rate using the economic assumptions for the budget. Baseline direct loan obligations and guarantee commitments will not be collected.

(5) Discretionary offsetting collections and receipts.--The baseline estimates should be consistent with the levels of budgetary resources assumed for the account conducting the activity that generates the collections. Where the level of collections is independent of the appropriated level, the estimates will reflect the level of activity anticipated under current law.

(6) Multi-account appropriations.--If an appropriation covers more than one account and does not specify the amount provided for each account, such as the limitation on administrative expenses for the Social Security Act, the distribution of the budget authority by account in the CY is the base for subsequent years. The CY amount should be inflated by account to derive the budget authority for BY through BY+4.

(7) Accounts with negative budget authority in the CY.--If the budget authority for an account is negative in the CY, the budget authority for BY through BY+4 will be estimated as zero. If the account has negative budget authority in the CY because it is credited with discretionary offsetting collections and the collections exceed the discretionary appropriation provided to the account, the net budget authority of zero by BY through BY+4 will be assumed to be composed of the "best guess" of offsetting collections under current law and an equal amount of new discretionary budget authority. Net outlays will equal the outlays estimated to result from the total spending authority for the account offset by any anticipated collections.

(c) Rules for direct spending programs.--The BEA requires the estimates for permanent budgetary resources and for appropriated entitlements to reflect the level of activity anticipated under current law, using the economic and technical assumptions that are used for the Presidential policy estimates. The effect of changes to programs and activities directed by already enacted legislation (such as a change in a benefit formula that becomes effective in BY+2) should be included in the year that the changes become effective. The following special rules apply:

(1) Expiring authorizations.--Programs that would expire under current law must be assumed to expire, with one exception. If CY outlays are greater than \$50 million, the program is assumed to continue at current levels. However, an expiring provision of law (in contrast to the entire program) is assumed to expire if that assumption would not have the effect of terminating the basic program.

(2) Veterans' compensation cost-of-living-adjustment (COLA).--The baseline should assume enactment of a COLA for veterans' compensation that is equal to the COLA required by law for veterans' pensions.

Agencies affected by these exemptions should contact their OMB representative for guidance.

(d) Rules for mandatory collections.--Estimates of governmental receipts, offsetting receipts, and offsetting collections credited to an appropriation account that is not classified as discretionary should be based on current law. Note that collections affected by Federal pay rates should also be based on current law (i.e., FEPCA pay rates), not on the levels of compensation assumed in the baseline for the pay portion of discretionary accounts. The estimates should also

assume that expiring provisions of law providing collections will expire, except that provisions providing for excise taxes dedicated to a trust fund will be assumed to continue at current levels.

23.3. Submission of data.

(a) Revised computer listings.--For those agencies furnishing automated budget data to OMB, data will be entered in MAX schedules S, W, Y, and K. If necessary, agencies may order copies of the MAX computer listings by means of remote job entry. For those agencies without access to MAX, copies of the computer listings will be provided by the agency's OMB budget representative.

Baseline estimates will be prepared for each budget account that has a transmittal code of "0" and for supplemental requests with a transmittal code of "1" that are classified as mandatory; e.g., payments under entitlement programs (see section 14.2(e)).

--Baseline estimates for mandatory supplemental requests will reflect current year baseline estimates of budget authority and the related outlays. No budget authority will be shown in the BY through BY+4 baseline columns. However, the spendout of current year budget authority will be reflected, where appropriate, in the BY through BY+4 columns.

--Baseline estimates of limitations will also be provided for CY through BY+4 where limitations are established, including those established to report the effect of reductions pursuant to the G-R-H law, as amended (see section 21.3). Note: Baseline data on credit limitations are not required because these limitations are not sequestrable.

Baseline estimates are not required for accounts included in the

budget under transmittal codes "2", "3", "4", or "5", unless specifically requested by OMB.

(b) GRH program information.--Additional subaccount data is required in MAX schedule S for the accounts and programs indicated below.

Agency	Line Code*

Department of Education:	
Guaranteed student loan (91-0230).....	31

Department of Health and Human Services:	
Family support payments to States (75-1501):	
Child support enforcement (special rule portion).....	02
Foster care (75-1645).....	41
Medicare:	
4% amount.....	52
4% base.....	53
Other health programs:	
2% amount.....	62
2% base.....	63

Department of Veterans Affairs:	
Medical care (36-0160):	
2% amount.....	62
2% base.....	63

Automatic Spending Increase (ASI) Accounts:	

ASI amount.....	22
ASI base.....	23

Other:	
Default value.....	01
Administrative expenses.....	71
Prior legal obligations.....	81

*Internal OMB code.	

(c) Supporting materials.--After final budget decisions are made, two copies of an agency summary table will be submitted to provide a bridge between the current year baseline estimates and the budget year baseline estimates. This table should identify, as separate stub entries, major budget authority or outlay differences (\$50 million or more) between the current year and budget year baseline estimates. These differences should be explained in terms of:

- effects of enacted appropriations and other legislation;
- inflation and pay related costs;
- prior year contracts and obligations; and
- anticipated changes in relatively uncontrollable programs or receipts (including offsetting receipts).

Agencies should also submit a table showing the impact on the baseline estimates of major regulations, management initiatives, administrative actions, and other major program assumptions included in the baseline. The budgetary impact of each major assumption should

be shown separately. For example, the change in outlays as a result of a regulation should be shown separately from the impact of an assumption about the expiration of a provision. Affected agencies should consult with their OMB representative for the format and content of this table.

Upon request, agencies should be prepared to furnish caseload estimates and other additional information.

Character Classification (MAX Schedules C, K, and R)

25.1. General.

| Character classification is used to report investment activities
| separately from non-investment. Data are classified as investment
| when they finance activities yielding benefits largely in the future;
| investment character classes include those for physical assets, the
| conduct of research and development, and the conduct of education and
| training. The character classification is also used to report data on
| grants to State and local governments separately from direct federal
| programs.

| Budget authority and outlays are reported by character class for all
| appropriation and fund accounts (except for credit financing accounts)
| in MAX schedule C; offsetting receipts, which are also identified by
| character class codes, are reported in MAX receipt data schedules (MAX
| schedules K and R) (see sections 25.4 and 21.4). Amounts are required
| for PY through BY.

If the content of an account changes and revisions in the assigned classifications appear necessary, the agency's OMB representative

should be consulted.

25.2. Definitions.

The following definitions will be used for the purposes of reporting character classification data.

State or local governments include:

- the 50 States and the District of Columbia;
- cities, counties, townships, school districts, special districts, and other local governmental units, as defined by the Bureau of the Census;
- Puerto Rico, the Virgin Islands, and other U.S. territories;
- the Federated States of Micronesia, Marshall Islands, and Palau, if the payments are a relatively small part of the accounts that have grants to State or local governments;
- Indian tribal governments when:
 - (1) the legislation authorizing the payment includes such entities within the definition of eligible State or local units, or
 - (2) the tribal government acts as a nonprofit agency operating under State or local auspices; and
- quasi-public nonprofit entities, such as community action agencies, when the boards of such entities must either be elected in State or local elections or must include significant representation of State or locally elected officials.

| Grants to State and local governments.--For character
| classification purposes, budget authority and outlays are reported as
| grants to State and local governments if those resources of the
| Federal Government support State or local programs of government
| operations or provision of services to the public. These grants may be

| formula or discretionary in nature. Grant data should be reported
| for:

- direct cash grants to State or local governmental units, to other public bodies established under State or local law, or to their designee;
- payments for grants-in-kind, such as purchases of commodities distributed to State or local governmental institutions (e.g., school lunch programs);
- payments to nongovernmental entities when such payments result in cash or in-kind services or products that are passed on to State or local governments (e.g., payments to the Corporation for Public Broadcasting or to the American Printing House for the Blind);
- payments to regional commissions and organizations that are redistributed at the State or local level to provide public services;
- Federal payments to State and local governments for research and development that is an integral part of the State and local governments' provision of services to the general public (e.g., research on crime control financed from law enforcement assistance grants or on mental health associated with the provision of mental rehabilitation services; see discussion below for exclusions related to research and development and payments for services rendered);
- direct loan or loan guarantee subsidies to State or local governments; and
- shared revenues. These payments to State or local governments are computed as a percentage of the proceeds from the sale of certain federal property, products, or services (e.g., payments from receipts of Oregon and California grant lands) or are tax or

| other collections by the Federal Government that are passed on to
| State or local governments (e.g., internal revenue collections for
| Puerto Rico).

Excluded under this definition are:

- Federal administrative expenses associated with these programs;
- grants directly to profit-making institutions, individuals, and non-profit institutions not covered above (e.g., payments to Job Corps centers and trainees);
- payments for research and development not directly related to the provision of services to the general public (e.g., basic research awarded via competitive grants);
- payments for services rendered (e.g., utility services, training programs and expenses for federal employees, research and development for federal purposes conducted under contracts, grants, or agreements by such agencies as the National Institutes of Health, the National Science Foundation, the Department of Energy, the National Aeronautics and Space Administration, and the Department of Defense); and
- Federal grants to cover administrative expenses for regional bodies and other funds not redistributed to the States or their subordinate jurisdictions (e.g., the administrative expenses of the Appalachian Regional Commission).

Direct federal programs.--Programs not classified as grants to State and local governments are classified as "direct federal programs."

25.3. Reporting the data and relationships with other data requirements.

| (a) Reporting budget authority and outlay data.--Budget authority

|and outlay data are reported by subfunction and assigned character
|classification for PY-BY in MAX schedule C. Data will be reported net,
|unless OMB determines otherwise. (For the treatment of grants, see
section 25.3(c).) If an account is split between two or more
functional or subfunctional classifications, amounts for each function
or subfunction will be reported separately. (Note: Character class
data are not required for credit financing accounts.)

If a transaction fits into more than one classification, it should
be recorded in the classification with the lowest numerical character
classification code. For example, amounts for construction of research
and development facilities should be recorded in the appropriate
13xx-xx grouping, not in the 14xx-xx grouping.

Where accounts are split between two or more character
classifications, a classification involving less than \$1 million in
each of the 3 fiscal years will be omitted and the amounts included in
some larger classification for that account.

Offsetting collections credited to appropriation and fund accounts
will be applied as offsets to the gross budget authority and the
disbursements that the collections will be used to finance in the
calculation of amounts reported in each character class. For example,
collections resulting from the sale of commodities will be offset
against gross budget authority and disbursements for the purchase of
commodities in character classes 1330-01 and 1330-02, respectively;
fees collected to cover operating expenses will be offset against
|gross budget authority and disbursements for operating expenses in
|character classes 2004-01 and 2004-02, respectively. In credit
|liquidating accounts, loan repayments will be offset against gross
|budget authority and disbursements for loan programs in character
|classes 2004-01 and 2004-02, respectively.

Grants to State and local governments in some cases allow the recipient jurisdiction the option of using funds for current or investment-type purposes, such as in community development block grant programs. In such instances, all of the outlays for grants are to be recorded in the category where the majority of the funds are anticipated to be used.

(b) Reporting receipt data.--Offsetting receipt data (i.e., offsetting collections deposited in receipt accounts) are reported in MAX schedules K and R by the line numbers indicated in section 25.4.

| (c) Relationships with other data requirements.--For each account,
| the totals for character class data in MAX schedule C must correspond
| to the total net budget authority and outlays reported in MAX schedule
| P on lines 8900 and 9000.

| Grant budget authority and outlays should be reported gross (i.e.,
| budget authority and outlays from grants should include grants
| financed by offsetting collections). Offsetting collections credited
| to an account that finance grants will offset budget authority and
| disbursements in character class 2004-01 and 2004-02, respectively.
| Actual outlays for the past year for grants and for shared revenue
| must also be consistent with the respective amounts reported to the
| Department of Commerce, Bureau of the Census under the Consolidated
| Federal Funds Reporting Act (Public Law 97-326).

| Amounts for research and development reported for character classes
| 1311-xx, 1312-xx, 1321-xx, 1322-xx, and 14xx-xx must agree with
| amounts reported under "Basic Research", "Applied Research",
| "Development" and "R&D facilities" in exhibit 44A, Research and
| Development Activities.

25.4. Character classification.

Character class data reported in MAX schedules C, K, and R are identified by a line number that consists of a four-digit number and a two-digit suffix.

The two-digit suffix is used to differentiate between budget authority, outlays, and offsetting receipts, as follows:

Only certain of the following codes apply to offsetting receipts; they are specifically noted below with an asterisk (*). All of the codes are applicable to budget authority and outlays. (See also section 21.4 on reporting requirements for receipt accounts).

1xxx	INVESTMENT	Budget authority, outlays, or offsetting
	ACTIVITIES	receipts that yield benefits largely in
		the future.

13xx	Physical assets:	Amounts for the purchase, construction,
		or rehabilitation of physical assets
		regardless of whether the assets are
		owned or operated by the Federal
		Government, States, municipalities, or
		private individuals. These include (but
		are not limited to) those kinds of
		assets that would normally be shown in
		the balance sheet of a private business
		enterprise.
	Construction and	Amounts for construction and
	rehabilitation:	rehabilitation including both grants and
		direct federal programs. Construction
		and rehabilitation means the design and
		production of fixed works and structures
		or substantial alterations to such
		structures or land. Included are new
		works and major additions, alterations,
		improvements to and replacements of
		existing works. Excluded are preliminary
		surveys, maintenance, repair,
		administration of such facilities and
		other federal operating expenses.
	Research and	Amounts for the construction and
	development	rehabilitation of research and

	facilities:	development facilities. (See category
		14xx for the definition of research and
		development.) Amounts in this
		subcategory plus subcategory 1321 and
		1322 shall equal the corresponding
		amounts reported under "R&D facilities"
		in exhibit 44A.
	1311-xx Grants to State and	
	local governments	
	1312-xx Direct federal	
	programs	
	Other construction	Amounts for all other construction and
	and rehabilitation:	rehabilitation.
	1313-xx Grants to State and	
	local governments	
	1314-xx Direct federal	
	programs	
	Major equipment:	Amounts for identifiable items of major
		equipment, including ships, machine
		tools, aircraft, tanks, and nuclear
		weapons. Routine purchases of ordinary
		office equipment or furniture and
		fixtures are normally excluded. However,
		where there are major programs for
		acquisition of equipment, all equipment
		purchases should be included.
	Research and	Amounts for major equipment for research
	1321-xx development	and development. (See category 14xx for

1322-xx	equipment:	the definition of research and
	Grants to State and	development.) Amounts in this
	local governments	subcategory plus subcategory 1311 and
	Direct federal	1312 shall equal the corresponding
	programs	amounts reported under "R&D facilities"
		in exhibit 44A.
	Other major	Amounts for all other major equipment.
	equipment:	
1323-xx	Grants to State and	
	local governments	
1324-xx	Direct federal	
	programs	
	Commodity	
	inventories:	
1330-xx*	Direct federal	Amounts for federally owned commodities
	programs	held for resale or in stockpiles.
	Proceeds from the	Offsetting receipts collected from the
	sale of commodities	sale of federally owned commodities that
		were previously purchased by the
		government or from reduction in
		stockpiles.
	Purchases and sales	Amounts for purchase, including
	of land and	lease-purchases, of land and structures
	structures for	for use by the Federal Government and
	federal use:	sales of such land and structures.
1340-xx*	Direct federal	Includes office buildings and park and
	programs	forest lands. Does not include land or

		structures acquired as temporary
		inventory, such as collateral on
		defaulted loans.
	Receipts from sales	Offsetting receipts collected from sales
	of property or	of federally owned property or assets
	assets	used by the Federal Government. Includes
		office buildings and park and forest
		lands.
	Other physical	Amounts for all other physical assets,
	assets:	such as conservation, reforestation and
	1351-xx Grants to State and	range improvements, improvements to
	local governments	private farms, land and structures
	1352-xx* Direct federal	acquired as collateral on defaulted
	programs	loans, and sales of such land and
		structures. Does not include operation
		and maintenance of land and structures.
	Receipts from other	Offsetting receipts collected from the
	physical assets	sale of physical assets not used by the
		Federal Government. Includes sales of
		assets obtained by the Federal
		Government as collateral on defaulted
		loans.

	14xx	Conduct of research
		Amounts for research and development,
	and development:	except for additions to research
		facilities (which are classified under
		13xx). As defined in section 44.2,

research is systematic study directed toward fuller scientific knowledge or understanding of the subject, and development is systematic use of the knowledge and understanding gained from research for the production of useful materials, devices, systems, or methods, including the design and development of prototypes and processes. Excluded are routine product testing, quality control, mapping, collection of general-purpose statistics, experimental production, routine monitoring and evaluation of an operational program, and the training of scientific and technical personnel.

Basic research: Amounts for basic research. Basic

1411-xx Grants to State and local governments research (see section 44) is defined as systematic study directed toward greater

1412-xx Direct federal programs knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications towards processes or products in mind. Amounts in this subcategory shall equal corresponding amounts reported under "Basic Research" in exhibit 44A.

Applied research: Amounts for applied research. Applied

1421-xx Grants to State and research (see section 44) is defined as

| local governments systematic study to gain knowledge or
| 1422-xx Direct federal understanding necessary to determine the
| programs means by which a recognized and specific
| need may be met. Amounts in this
| subcategory shall equal corresponding
| amounts reported under "Applied
| Research" in exhibit 44A.

| Development: Amounts for development. Development

| 1431-xx Grants to State and (see section 44) is defined as
| local governments systematic application of knowledge
| 1432-xx Direct federal toward the production of useful
| programs materials, devices, and systems or
| methods; including design, development,
| and improvement of prototypes and new
| processes to meet specific requirements.
| Amounts in this subcategory shall equal
| the corresponding amounts reported under
| "Development" in exhibit 44A.

| -----
| 15xx Conduct of
| education and
| training:

| 1511-xx Grants to State and Amounts for programs whose primary
| local governments purpose is education, training, and
| 1512-xx* Direct federal vocational rehabilitation. Included are
| programs veterans' education and training,
| operating assistance for elementary,
| secondary, vocational, adult, and higher

	education; agricultural extension
	services; and income support activities
	directly contingent upon participating
	in such programs. Excluded are the
	training of military personnel or other
	persons in government service.
Receipts from	Offsetting receipts for loan repayments,
education and	negative subsidies, and downward
training	reestimates of loan subsidies that are
	associated with the conduct of education
	and training.

2xxx	NON-INVESTMENT	Amounts that are not classified as
	ACTIVITIES	investment activities.
	Grants to State and	Grants amounts that are not classified
	local governments:	as investment activities.
2001-xx	Other than shared	
	revenues	
2003-xx	Shared revenues	
2004-xx*	Direct federal	Amounts for all other non-investment
	programs	activities.
	All other	Offsetting receipts collected and
	offsetting receipts	deposited in receipt accounts that are
		not otherwise classified.

(b) Crosswalk between new and old character classification codes.--The character classification coding scheme has been revised to accommodate the collection of information on budget authority, as well as data on outlays and offsetting receipts. The following table provides a bridge between the new and old codes.

New Code	Old Code	Classification

1311-xx	1311-01	Research and development facilities: Grants
1312-xx	1311-04	Research and development facilities: Direct federal programs
1313-xx	1312-01	Other construction and rehabilitation: Grants
1314-xx	1312-04	Other construction and rehabilitation: Direct federal programs
1321-xx	1321-01	Research and development equipment: Grants
1322-xx	1321-04	Research and development equipment: Direct federal programs
1323-xx	1322-01	Other major equipment: Grants
1324-xx	1322-04	Other major equipment: Direct federal programs
1330-xx	1330-04	Commodity inventories: Direct federal programs
1340-xx	1340-04	Purchases and sales of land and structures: Direct federal programs

	1351-xx	1350-01	Other physical assets: Grants
	1352-xx	1350-04	Other physical assets: Direct federal programs
	1411-xx	1410-11	Basic research: Grants
	1412-xx	1410-14	Basic research: Direct federal programs
	1421-xx	1420-21	Applied research: Grants
	1422-xx	1420-24	Applied research: Direct federal programs
	1431-xx	1430-31	Development: Grants
	1432-xx	1430-34	Development: Direct federal programs
	1511-xx	1510-01	Education and training: Grants
	1512-xx	1510-04	Education and training: Direct federal programs
	2001-xx	2000-01	Non-investment activities: Grants--other than shared
			revenues
	2003-xx	2000-02	Non-investment activities: Grants--shared revenues
	2004-xx	2000-04	Non-investment activities: Direct federal programs

Explanation of Print Materials

30.1. Processing of print materials and related information.

(a) The detailed estimates for agency presentations in the budget.--The print materials described in this section are used to

prepare the detailed account level budget estimates presented in the budget appendix. This portion of the budget contains the following information.

One part contains chapters that reflect major agencies and three chapters that are composed of multiple (generally smaller) agencies: Executive Office of the President, Funds Appropriated to the President, and Other Independent Agencies. This part contains the regular account presentations (transmittal code 0) and legislative proposals and other later transmittals (transmittal codes 2, 3, and 4). The legislative proposals follow directly after the affected account and do not include appropriations language.

Another part contains supplemental requests and rescission proposals. Supplemental requests include both the appropriations language and account schedules. Rescission schedules are shown in this part and present the effect of rescission proposals being made in conjunction with the budget. The language proposing the rescission is not included in the budget, but rather in the special message for the rescission proposals sent to Congress.

The remainder includes a list of amendments and revisions to budget authority transmitted between the previous and current budgets; a list of accounts with advance appropriations, advance funding, and forward funding; and budget information on Government-sponsored enterprises. These enterprises are sponsored by a Government agency but are privately owned and generally privately financed.

(b) General.--In the fall, agencies are provided with copies of galley proofs reprinted from the previous year's budget. Agencies revise the reprinted galleys, provide the additional materials required for the budget and update the data in MAX. OMB sends the reprinted galleys and the additional print materials to the Government

Printing Office (GPO). The computer data is used to generate schedules that are merged with the revised print material. OMB and the agencies review the materials processed by GPO and make final changes. OMB then sends the budget materials to GPO for final printing.

(c) Definitions.--The following terms are used to describe the printing process.

Reprinted galleys are galley proofs modified to update the year headings; omit amounts in tables and schedules; and omit appropriations language from the previous year's budget. Revised reprinted galleys, along with any inserts to the galleys, constitute the basic form of the agency submission of print materials.

New print materials include materials for new budget accounts (e.g., legislative proposals) not included in the reprinted galleys and new materials for existing accounts, including materials for supplemental requests and rescission proposals.

The print material submission is a complete package of print materials (revised reprinted galleys, inserts to the galleys, and new print materials) for all accounts of an agency.

Generated schedules include data extracted from the MAX database formatted for printing. The following schedules are generated:

- Unavailable collections (MAX schedule N);
- Program and financing (MAX schedule P);
- Summary of loan levels, subsidy BA, and outlays by program (MAX schedule U);
- Status of direct loans (MAX schedule G);
- Status of guaranteed loans (MAX schedule H);
- Statement of operations (MAX schedule E);
- Balance sheet (MAX schedule F);
- | --Status of funds (MAX schedule J);

--Object classification (MAX schedule O); and

--Personnel summary (MAX schedule Q).

(d) Processing.--OMB provides agencies with five copies of the reprinted galleys for the materials presented in the first and third parts of the "Detailed Budget Estimates" of the previous year's budget. Along with the reprinted galleys, agencies are notified of the dates that the print material submissions are due to OMB (generally following receipt of budget decisions (see section 10.3)).

All revisions of reprinted galleys, regardless of the extent of changes, will be marked either on the galleys or on inserts to the galleys. New print material will also be prepared as inserts to the galleys. The reprinted galleys will be revised following the guidelines in exhibit 30A. The reprinted galleys must be returned as a complete package and must not be reduced in size or cut apart. The information being revised and any GPO identifiers must not be obliterated.

Three sets of the print materials (including at least one original) will be submitted as a single package, sequenced by account in accordance with section 30.2. This submission will be printed in the form of revised galley proofs and returned to the agencies for review.

Revised galley proofs should be returned to OMB according to the schedule provided by OMB with corrections noted in black, following the guidelines in exhibit 30B.

Appropriations language will be included in the reprinted galleys if appropriations have been enacted before the reprinted galleys are prepared. Changes to the enacted language to reflect the budget year request will be made in accordance with section 31.3. If appropriations language is not included in the reprinted galleys, agencies will prepare appropriations language in accordance with

section 31 and attach the materials as inserts to the appropriate reprinted galleys.

Generated budget schedules (see section 30.1(c)) are provided in the reprinted galleys with blank amount fields, the year headings updated, and with the stub entries from the previous year's budget. In some cases, the stub entries for these schedules may already be modified in the galleys to reflect generic changes. All changes to generated budget schedules should be entered directly into MAX. No changes to stub entries or amounts should be entered on the reprinted galleys for these schedules. However, for other parts of the budget, the amounts must be reported by marking entries directly on the reprinted galleys.

Special schedules (other than generated schedules), footnotes, narrative statements and tabular materials pertaining to performance indicators, performance goals, number of beneficiaries and recipients, etc., will be updated by marking changes on the reprinted galleys. These materials are provided in reprinted galleys with blank amount fields and must be updated. Footnotes containing dollar amounts for certain activities or transfers, and references to other accounts involved in transfers, must be revised to reflect the current status of the account. Narratives must be revised in conformance with section 34, addressing in particular budget year activities along with supporting quantitative information. New tables, extensive revisions, and new narratives will be typed on additional sheets and attached as inserts to the reprinted galleys.

30.2. Sequence of materials.

The budget submissions will be arranged by bureaus or other subordinate organizations within the agency. The order of the agency

presentation is determined by the bureau and account sequence in MAX.

Within each bureau, materials are sequenced as follows:

- general fund accounts with current budget authority, in the following order: accounts for which appropriations are requested for the budget year; accounts for which appropriations were made in the current year and not requested in the budget year; other unexpired accounts; expired accounts;
- permanent general fund appropriations;
- special fund accounts with current budget authority, in the following order: accounts for which appropriations are requested for the budget year; accounts for which appropriations were made in the current year and not requested in the budget year; other unexpired accounts; expired accounts;
- permanent special fund appropriations;
- public enterprise funds;
- intragovernmental revolving funds and management funds;
- credit reform accounts, in the following order: program account, financing account, and liquidating account;
- trust funds;
- trust revolving funds.

Limitation schedules generally follow the schedules for the related revolving or trust fund. A heading and a note for allocations from other appropriations will be shown at the end of the bureau (see section 32.8(f)).

30.3. Submitting new print materials.

| When new print materials are required, the information should be
| submitted on a sheet of letter-size paper. The submission should

|indicate the name of the department or agency, the bureau (if
|applicable), the title of the account, and the account identification
|code (see section 20.4). The sheet should also indicate where the new
|print material is to be inserted to the reprinted galleys.

As a general rule, agencies with computer terminal access to the MAX data system are not required to submit a complete set of budget schedules for generated schedules (see section 30.1(c)). However, agencies should indicate on the sheet of paper they submit each type of schedule that is being added for each account.

30.4. Style of presentation.

Account identification codes on print materials.--The identification code described in section 20.4 will be reported for each generated schedule.

Stub entries on generated schedules.--As a general rule, the titles for stub entries will conform to those provided in the sections on program and financing schedules (except for the program by activities section), Federal credit schedules, object classification schedules, business-type statements, unavailable collections schedules, and personnel summaries. Agencies should consult with their OMB representatives for exceptions to the standard titles. When non-standard stub titles are approved by OMB, they should be clearly marked on the galley proofs.

Style of materials.--In the absence of specific format or style requirements for a particular type of submission, budget materials will be prepared on letter size sheets. All statements and schedules to be printed shall be double-spaced (even though in some illustrations in this Circular single-spacing has been used in order

to permit the example to be included on a single page).

Capitalization.--As a general rule, the guidelines of the Government Printing Office Style Manual will be used for standard capitalization in budget materials. However, references to budget accounts and programs and activities conducted by an account will use initial capitalization of only the first word of the title, unless the title also contains proper nouns that would otherwise be capitalized.

Presentation of numbers.--Leaders (...) will be used in the columns of figures in place of zeros (>0>). Dollar signs will be omitted on schedules. Particular attention will be given to conforming with the regular style of the Government Printing Office.

As a general rule, minus signs will not be shown in the stub entry of schedules submitted to OMB for printing. Minus signs (-) will precede figures in amount columns when the entry is a deduction or the amount is negative.

All inserts to reprinted galleys should be clearly marked as to the galley number (extension and frame number) on which they are to be inserted (see exhibit 30B).

Except where otherwise specified, amounts shown on schedules and tabular statements will be stated in thousands of dollars and will be rounded to the nearest thousand. Where an amount falls exactly halfway between, it will be rounded to the nearest even figure (for example, both \$11,500 and \$12,500 would be rounded to \$12). For statements that are in thousands, amounts of \$500 or less will not be identified. In footnotes and narrative explanations of such statements, amounts will also be rounded and followed by the word "thousand", e.g., \$314 thousand.

Appropriations Language

31.1. General.

Appropriations language is prepared for the budget to transmit the request to Congress. Appropriations language is required on a separate page for each account for which appropriations or limitation language has been enacted in the current year or is proposed for the budget year.

Appropriations language submissions contain:

- language as enacted for the current year with the proposed changes for the budget year, if any; or
- proposed language if none was enacted for the current year and it is required for the budget year; and
- statutory references.

For accounts that cover direct loan or guaranteed loan programs, appropriations language must be included for the subsidy costs, loan levels, and administrative expenses, unless specifically exempted by OMB (see section 31.5).

Proposed substantive changes in appropriations language should accompany the initial budget submission to provide adequate time for consideration of revisions.

31.2. Form of language submissions.

Language submissions will be in the form of exhibit 31A or 31B. The text printed in the appropriations acts for the current year constitutes the primary source of material for the language submissions. OMB will furnish each agency reprinted galleys (see

section 30.1) containing enacted current year appropriations language. If not available, OMB will provide copies of the enrolled bills showing appropriation items as they appear in the annual appropriations act, continuing resolution, or in supplemental, rescission, or other appropriations acts for the current year. These copies are for the use of the agency in preparing language submissions required by OMB and for the agency's own use. The print materials submission of each appropriation item will be prepared by pasting the language from the enrolled bill on a separate sheet of paper, with changes in the language or amount enclosed in brackets and new material indicated in the margin and underscored (see section 31.3).

In preparing the language, all of the text in the appropriations act will be used, except the preamble and the title of the act. If the organizational unit is not identified as a heading in the text, it will be inserted at the top of the sheet. Where amounts have been appropriated in addition to the regular appropriations for the current year (e.g., supplemental or rescission action), the text from the additional appropriations will be pasted on the same sheet as the text from the annual act, and the title from the additional appropriation will be omitted (exhibit 31B). The citation for the additional appropriations will follow the specific language and will be shown in parentheses and underscored. In cases where the entire amount available was provided in a supplemental or other appropriations act, the title and any immediately preceding organizational unit identification will appear in the same manner as items from an annual act.

If no current year appropriation has been enacted, the proposed appropriation language will be typewritten as new material and underscored. If an appropriation for the current year is provided in a

continuing resolution, the proposed language will be prepared as follows:

- where the continuing resolution includes specific language by account, that language will be submitted in the same manner as language that was provided in a regular appropriations act;
- where the continuing resolution enacts specific language by reference to an appropriations bill, the agency OMB representative will provide guidance on preparation of the language submissions;
- where the continuing resolution refers only to a level or rate (e.g., to the lower of the House or Senate level, Senate level, or current rate), the proposed language for the budget year will be submitted as new material. An explanatory note will be provided by OMB for insertion following the language.

31.3. Changes in language and amounts.

Changes to appropriations language will be made as follows:

- When a change in the language, amount, or account title is proposed for enactment by Congress, any material to be omitted will be enclosed in brackets [].
- New material will be typewritten (double-spaced, if practicable) and underscored in the right margin of the page on which the printed material is pasted.
- New material should always follow bracketed material, even though bracketed material may be only figures while new material includes additional language.
- Amounts will be stated in dollars rounded to the nearest thousand (e.g., \$10,951,000; not \$10,950,768).
- A caret (:) and line should indicate clearly the place where the

new material will be inserted.

--Brackets, carets, and insert lines are to be made in ink (not typed).

--Care should be taken not to obliterate pre-existing punctuation marks.

31.4. Statutory references.

Following the appropriations language, supporting statutory references and special notes applicable to the budget year will be inserted in parentheses and underscored. Agencies will furnish and are responsible for the correctness of all statutory references.

These references will be shown in the following sequence:

(1) Basic authorizing legislation (including currently effective amendments), treaty, or executive order that continues in effect during the budget year (omit if the reference is cited in the body of the language). Such citations will usually be by reference to the United States Code. Citations should be in this order of preference:

--to the United States Code; or

--to the public law number; or

--to the popular title of the law (if there is one); or

--to the date of the Act followed by the applicable volume and page of the Statutes at Large.

Executive orders will be cited by number. Citations to the same title of the U.S. Code should be consolidated, and titles (and sections thereunder) should be listed in ascending numerical order. Avoid multiple citations to the same legislation.

(2) The appropriations act from which the text of the appropriations

language has been taken.--Generally, references will be to the short title of the entire act. If an appropriations act provides a citation for a specific title, that citation will be used. If the act or title thereof has no short title, the agency's OMB budget representative will specify the citation to be used. (When two or more appropriations act citations are required, e.g., a regular appropriations act and a supplemental appropriation act, each citation will follow the appropriations language to which it is applicable.) Where language in an appropriations bill was enacted by reference in a continuing resolution, the continuing resolution (not the referenced bill) will be cited.

31.5. Appropriations language for credit programs.

Each program account associated with a direct loan or loan guarantee program must contain a request for an appropriation for the subsidy costs on a net present value basis, the loan level supportable by that subsidy, and administrative expenses for operating the credit program.

Where loans are disbursed within 5 years of obligation, the following standard subsidy appropriation language should be used, as appropriate:

[For the cost of direct loans, \$-----,] [and] [for the cost of guaranteed loans, \$-----,] as authorized by [authorizing statute]: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize [gross obligations for the principal amount of direct loans not to exceed \$-----] [and] [total loan principal, any part

of which is to be guaranteed, not to exceed \$-----.] In addition,
for administrative expenses to carry out the [direct] [and]
[guaranteed] loan program[s], \$-----.

Where administrative expenses are proposed to be transferred to a
salaries and expenses account, the following phrase should be
substituted for the last sentence above:

In addition, for administrative expenses to carry out the [direct]
[and] [guaranteed] loan program[s], \$-----, which shall be
transferred to and merged with the appropriation for [name of
account].

Where loans are disbursed beyond the 5 year period after obligation,
add the following phrase:

Provided, That such sums are to remain available through 19XX for
the disbursement of loans obligated in fiscal year 19BY.

When agencies believe that the nature of a program requires a
modification of the specified language, an exception may be requested
in accordance with section 11.6.

31.6. Explanations relating to appropriations language.

No explanations or justifications will be written on the language
submissions, except notes required for printing as indicated above.
The following material must be submitted separately to support the
language submissions:

- an explanation and justification of all proposed changes in the language of the appropriation, other than changes in amounts, including changes to general and administrative provisions;
- a list of new provisions in the proposed language and explanation of the purpose of each;
- a list of all provisions (old or new) in the proposed language that are subject to a point of order under the rules of either House of Congress, the reason for including them in the proposed language, and the steps, if any, that have been taken to remedy the point of order situation; and
- a copy of a letter from the Office of Personnel Management approving any new provisions that relate to employment of personnel without regard to civil service or classification laws.

Program and Financing Schedules (MAX Schedule P)

32.1. General instructions on program and financing schedules.

The program and financing schedules consist of four parts:

- program by activities (see section 32.2);
- financing (see section 32.3);
- relation of obligations to outlays (see section 32.4); and
- offsetting collections and adjustments to gross budget authority and outlays (see section 32.5).

The program by activities section shows obligations for specific activities or projects. In the regular budget schedules, amounts in this section are always positive. The activity structure is developed for each appropriation or fund account to provide a meaningful

presentation of information for the program. The last entry, "Total obligations," indicates the amount of budgetary resources required to finance the activities of the account.

The financing section shows the budgetary resources available or estimated to be available to finance the obligations. For unobligated balances of a prior year that have not expired, the start-of-year balances are subtracted from total obligations and the end-of-year balances are added. This shows that, on a net basis, unobligated balances are either used to finance total obligations or increased because part of the budgetary resources will be carried forward and obligated in a future year. Other adjusting entries may be included. The residual is the gross budget authority required to finance the program. Where more than one kind of budget authority is provided, that information is shown.

The relation of obligations to outlays section shows the difference between obligations and outlays. The amount of obligations that were incurred in a previous year but not liquidated and the amounts receivable from other Federal agencies are reported to provide the obligated balance, start-of-year. Similarly, an end-of-year obligated balance is reported. Certain adjusting entries may be included. The residual is the amount of gross outlays resulting from the liquidation of obligations incurred in that year and previous years.

The offsetting collections and adjustments to gross budget authority and outlays section shows the deductions to gross budget authority and outlays for the total amount of offsetting collections credited to the account. The residual is the net budget authority and outlays for the account.

Information required for program and financing schedules will be submitted in the manner described in section 30.

In the MAX system, amounts are automatically generated for total and subtotal entries, start of year balances for the current and budget years, and selected other lines (e.g, lines 7100 and 7800). In some cases, agencies will be able to override the generated amounts; in others, the amounts will be protected. Detailed information is provided in the MAX user manual.

32.2. Program by activities.

(a) Presentation.--The first section of the schedule will carry a side heading "Program by activities" and will set forth the activities conducted under the appropriation or fund account.

The activity categories must:

- provide a constructive basis for the analysis and evaluation of the estimates, indicating clearly the services to be performed or the programs to be conducted;
- be kept to a reasonable minimum without sacrificing clarity;
- have adequate accounting support; and
- be related to administrative control and operation of the agency.

Changes in activity structure must be cleared in advance with OMB (see section 11.6).

The activities should generally distinguish investment, developmental, grant and subsidy, and operating programs. Subactivities (such as projects, recipients or clientele groups, types of services, processes, institutions, or other appropriate breakdown) will not be used unless amounts are significant and are necessary to provide full understanding of that particular activity. Past year entries will be based on actual accounting data. Personnel compensation should normally be charged to activities on the basis of

organizational units or on the basis of specific assignments; transactions for other items should be charged directly to activities wherever feasible. Where it is necessary to distribute amounts between two or more activities, the basis for the distribution must be firm, reasonable, and consistently applied from year to year. The distribution should be based on readily supportable factors and should not involve overly detailed procedures. Whenever feasible, amounts for administrative or overhead expenses should be distributed to activities. However, the amounts so distributed must be readily separable from other charges to each activity to permit identification and review of overhead expenses.

The amounts shown in this section will represent obligations incurred or estimated to be incurred. Instructions on the display of obligations by activity and category and the use of separate side headings for capital investment and operating expenses and for direct and reimbursable programs are provided below.

Capital investment.--Capital investment includes the acquisition of physical or financial assets that yield benefits over several years. Federal capital investment will be shown separately from current operating expenses if the amounts are material; otherwise, they will be included with the amounts for operating expenses without identification. Where capital investments are shown separately, the side headings "Operating expenses" and "Capital investment" will be used (exhibit 32B). Activities will be listed under each side heading, if such detail is appropriate. Amounts reported in program and financing schedules will be consistent with amounts reported for the corresponding character classification categories listed in section 25.4

Reimbursable program.--Obligations that are financed from

reimbursements (offsetting collections that are payment for goods or services provided to the paying entity by the performing account) will be shown separately from direct obligations. The side headings "Direct program" and "Reimbursable program" will be used (exhibit 32A). Generally, these side headings will be used in lieu of "Operating expenses" and "Capital investment" if those side headings would otherwise be required. Activities will be listed under each side heading when the amounts are significant or add to the understanding of the program. Where the same activities are conducted on both a direct and reimbursable basis, the same entries may be shown in both sections. For revolving funds, obligations will be shown by separate activity with no separate identification of direct or reimbursable activity.

Display of obligations by activity and category.--Where no activities are listed under a side heading, amounts may be shown opposite the side heading. When activities are listed, amounts will be shown opposite each activity and the entries "Total operating expenses," "Total capital investment," "Total direct program" or "Total reimbursable program" will follow, as appropriate. The last entry in the program by activities section will be "10.00 Total obligations." If appropriate, this may be the only entry.

(b) Coding.--Activities or subactivities in the program by activities section for which amounts are shown will be numbered using a four-digit line number. These codes are unique to each account and have no relationship to information shown in other schedules. Descriptive side headings for which amounts are not shown will not be numbered. The line numbers will consist of the following elements:

Line number codes	Description
0x.xx	The first digit will always be zero (0) for both detail and subtotal entries.
0X.xx	The second digit will take on the values of 0 through 9 to identify the activity or subactivity group for both detail and subtotal entries.
0x.XX	<p>The third and fourth digits will take on the values of 01 through 89 to identify activity or subactivity detail items. Any number sequence in this range is valid.</p> <p>The values 91 through 99 will be used for subtotals as follows:</p> <p>xx.91--single activity or subactivity group subtotal</p> <p>xx.92--subtotal of two activity or subactivity groups</p> <p>xx.93--subtotal of three activity or subactivity groups</p> <p>The value 00 is reserved for running subtotals (i.e., previous subtotal plus additional activity or subactivity group).</p>

32.3. Data on financing the program.

The "Financing" section of the program and financing schedule sets forth the methods of financing the program and the disposition of unused amounts. Where unobligated balances from prior years and new

budget authority are commingled in an account, it will be assumed that obligations are first a charge against unobligated balances brought forward and thereafter a charge against new budget authority. Similarly, it will be assumed that capital transfers, redemption of debt, and liquidation of contract authority will be charged against unobligated balances before adjustments are made to spending authority from offsetting collections. Where current and permanent authority are commingled, it will be assumed that obligations are first a charge against the permanent authority.

The entries listed below will be used in preparing the schedules. Prior approval from OMB is required for modification to standard stub entries. Entries in boldface normally will be generated automatically.

Entry	Description
10.00 Total obligations	Total obligations as shown in the program by activities section of the schedule; the final entry in that section.
17.00 Recovery of prior year obligations (-) Use only in the past year column, or current year column if recoveries have occurred prior to transmittal of the	Amount made available for obligation in no-year and unexpired multiple-year accounts through downward adjustments of prior year obligations. This entry will always equal line 78.00.

budget, unless specifically
approved in advance by OMB.

Note: Recoveries of current year obligations will be netted against new obligations for the year without further identification. Recoveries of prior year obligations in expired annual and multiple-year accounts will be reflected on line 77.00, Adjustments in expired accounts.

21.xx Unobligated balance available, start of year (-)	Unobligated balance of appropriations or other budget authority brought forward from the preceding year and available for obligation without new action by Congress. Equal in any year to the preceding year's entry "Unobligated balance available, end of year." This entry will not include expired unobligated balances. It also excludes special and trust fund amounts and offsetting collections that are not available for obligation because provisions of law such as benefit formulas or limitations on obligations.
21.xx Treasury balance (-)	
U.S. securities:	
21.xx Par value (-)	
21.xx Unrealized discounts	Amount of total purchase discounts on U.S. securities held. This amount is
Use these subentries only for	

accounts that have investments not available for obligation.

in U.S. securities.

[See special instructions in section 32.7.] (See section 14.3 for discussion of treatment of premiums and discounts.)

22.00 Unobligated balance transferred, net	Net amount of unobligated balances transferred from (-) or to (+) other accounts that represents an adjustment to the accounts involved and that does not involve an obligation or an outlay on either side of the transaction (section 14.2(k)). This entry will only be used for interchange of amounts for which the purpose has not changed (e.g., transfers of activities under reorganization plans) or transfers of balances resulting from general transfer authority. Transfers between accounts that result from legislation where amounts are available for a different purpose will be shown as adjustments to budget authority on lines 41.00 or 42.00, as appropriate. Generally, a transfer from an account will not exceed the unobligated balance at the start of the year.
--	--

23.80 Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary program)	These entries will be used to reflect the cancellation of unobligated balances of budgetary resources pursuant to G-R-H.
---	--

23.85 Reduction pursuant to P.L. 99-177 in unobligated balances (mandatory program)

Use these entries for the past and current years for accounts in the national defense function (050) only.

24.xx Unobligated balance available, end of year	Unobligated balance at end of year, carried forward automatically and
24.xx Treasury balance	available for obligation in the
U.S. securities:	following year. Equal in any year to
24.xx Par value	the next year's entry "Unobligated balance available, start of year."
	This entry will not include expired unobligated balances. It also excludes special and trust fund amounts and offsetting collections that are not available for obligation because provisions of law such as benefit formulas or limitations on obligations.
24.xx Unrealized discounts	Amount of total purchase discounts on

(-) U.S. securities held. This amount is
Use these subentries only for not available for obligation.
accounts that have investments
in U.S. securities.

[See special instructions in section 32.7.]

25.00 Unobligated balance expiring	Amount available for obligation during the year that ceased to be available during or at the end of the fiscal year (other than amounts rescinded by law). This entry will include unobligated balances expiring for obligation, amounts written off or withdrawn by administrative action, unobligated balances returned to unappropriated receipts, etc. This entry will not reflect unobligated balances that expired in prior years. This entry will not be used to show the withdrawal of indefinite contract authority when balances of previously obligated contract authority are liquidated by offsetting collections (see line 68.49).
---------------------------------------	---

27.00 Capital transfer to general fund	Amount of balances deposited to Treasury receipt accounts for
---	--

Use only for revolving funds. "Earnings of Government-owned enterprises," or "Repayments of capital investment, Government-owned enterprises." This entry does not include interest payments or capital transfers of offsetting collections received during the year (see line 68.27).

30.00 Deficiency (-) Amount of obligations (as of the end of the year) in excess of available budgetary resources, which are reportable as violations of the Antideficiency Act. This entry is used in the year in which the deficiency is incurred. Thereafter, the deficiency is reported on lines 83.00 and 84.00 until liquidated.

31.00 Redemption of debt Amount of balances used for repayments of borrowing outstanding. Does not include appropriations or new offsetting collections used to retire outstanding debt (see lines 40.47 and 68.47).

32.47 Balance of authority to borrow withdrawn	These entries will be used to withdraw unobligated balances of indefinite budget authority realized in no-year or multiple year accounts through downward adjustments of prior year obligations.
32.49 Balance of contract authority withdrawn	

39.00 Budget authority (gross)	This entry will be used to summarize budget authority when more than one type is used or to show that no budget authority is required. When two or more types of budget authority are applicable, this entry will be
This line code and stub entry will be modified as follows:	followed by a section showing the derivation of the budget authority (see exhibit 32A). It will also be used whenever there are multiple entries for one type of budget authority. When no budget authority is shown for any of the 3 years, and other financing entries are used, the stub entry will be listed even though no amounts will be shown. The word "gross" will appear in the stub entry only for accounts that are credited with offsetting collections.
xx.xx Budget authority (type of authority)	When only one type of budget authority is involved and there are no

adjustments, the appropriate line number will be used, and the type of authority will be shown in parentheses.

Current authority: Appropriations:

40.00 Appropriation (definite) Amount appropriated or requested to be appropriated for general and trust funds for the years indicated.

Includes amounts appropriated for liquidation of contract authority, debt reduction, and deficiency appropriations, when applicable.

40.05 Appropriation
(indefinite)

Amounts appropriated or estimated to be appropriated for general and trust fund accounts. The amount for the past year will be equal to the amount certified by appropriation warrants in the account for the year.

40.20 Appropriation (special fund, definite)

Amounts appropriated or requested to be appropriated for the years indicated from special fund receipts.

| 40.25 Appropriation (special
| fund, indefinite)

Amounts appropriated or estimated to be appropriated for the years indicated from special fund receipts. The amount for the past year will be equal to the amount certified by

	appropriation warrants for the year.
40.26 Appropriation (trust	Amounts appropriated or requested to
fund, definite)	be appropriated for the years
	indicated from trust fund receipts.
40.27 Appropriation (trust	Amounts appropriated or estimated to
fund, indefinite)	be appropriated for the years
	indicated from trust fund receipts.
	The amount for the past year will be
	equal to the amount certified by
	appropriation warrants for the year.

Advance funding:

40.28 Appropriation available from subsequent year	Portion of the succeeding year's appropriation made available as advance funding by Congress.
--	---

40.29 Appropriation available in prior year (-)	Portion of the appropriation made available as advance funding in the preceding year.
---	---

Rescissions:

40.35 Appropriation rescinded (-)	These entries will be used to reflect rescissions enacted for the current
40.36 Unobligated balance rescinded) (-)	year of appropriations or unobligated
Use only for the current year.	balances of prior year budgetary
	resources. They will also be used in
	a separate program and financing
	schedule with a transmittal code of

"5" to present amounts for which rescissions of current year appropriations or unobligated balances of budgetary resources are proposed (see section 32.8(b)). Legislation that defers existing budget authority (or unobligated balances) from a year in which it was available for obligation to a year in which it was not available for obligation will also be reflected as a rescission. A reappropriation will be shown on line 50.00 in the first year of the extended availability.

Adjustments:

40.47 Portion applied to debt reduction (-)	Amount appropriated to liquidate debt. (Amounts appropriated for the purpose of liquidating debt should be specified in the appropriations language.)
40.48 Portion applied to liquidate deficiencies (-)	Amount appropriated to eliminate a prior year deficiency (see line 85.00).
40.49 Portion applied to liquidate contract authority (-)	Amount appropriated to liquidate contract authority. (Amounts appropriated for the purpose of liquidating contract authority should

be specified in the appropriations
language.)

40.50 Balance of appropriation Amounts withdrawn or lapsed from
to liquidate contract appropriations to liquidate contract
authority withdrawn (-) authority.

Use 40.50 only in the past year
or current year and only with
prior approval of OMB.

Reductions pursuant to appropriations acts or G-R-H reductions:

40.75-40.79 Reduction pursuant Reductions in appropriations law
to P.L. xxx-xxx (-) mandating reductions (percentage or
other) in current budget authority
allocated to affected accounts. OMB
will advise agencies which code will
be used to identify the appropriation
act mandating the reduction.

40.80 Reduction pursuant to These entries will be used to reflect
P.L. 99-177 (discretionary the cancellation of current
program) (-) appropriations for discretionary and

40.85 Reduction pursuant to mandatory programs pursuant to the
P.L. 99-177 (mandatory G-R-H law.

program) (-)

Use only in the current year.

Transfers:

41.00 Transferred to other Amount of the appropriation

accounts (-)

transferred to another appropriation or fund account in the same year in which the authority becomes available that represents an adjustment to the accounts involved and does not involve an obligation or an outlay. These adjustments will usually be limited to interchange of budget authority where the purpose has changed, transfers under reorganization plans, and transfers authorized by Congress in lieu of supplemental appropriations. This entry will also be used to reflect transfers of unobligated balances that result from legislation which changes the purpose for which the balances are available. Transfers of balances for which the purpose has not changed or transfers of balances resulting from general transfer authority will be reflected on line 22.00.

42.00 Transferred from other
accounts

Amount of the appropriation transferred from another appropriation or fund account in the same year in which the authority becomes available that represents an adjustment to the accounts involved and does not involve an obligation or an outlay. These

adjustments will usually be limited to interchange of budget authority where the purpose has changed, transfers under reorganization plans, and transfers authorized by Congress in lieu of supplemental appropriations. This entry will also be used to reflect transfers of unobligated balances that result from legislation which changes the purpose for which the balances are available. Transfers of balances for which the purpose has not changed or transfers resulting from general transfer authority will be reflected on line 22.00.

43.00 Appropriation (total)	This line equals the sum of lines 40.00 through 42.00 and will be used if there are multiple entries coded 40.00 through 42.00.
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Current authority: Authority to borrow:	Amount authorized or requested to be authorized to be expended out of
47.00 Authority to borrow (definite)	moneys derived from borrowing from the Treasury or from investors other than Treasury. To the extent that available
47.05 Authority to borrow (indefinite)	indefinite budget authority is used or

estimated to be used to cover obligations, new budget authority will be reported for all such obligations. Such new budget authority will be reported even though subsequent appropriations or collections credited to the account will be used for liquidation.

47.xx [See special instructions in section 32.7]

This entry will be used with the suffix codes in section 32.7 to report rescissions, reductions in appropriations acts, and G-R-H reductions associated with current authority to borrow.

47.90 Authority to borrow (total)

This line equals the sum of lines 47.00 through 47.85 and will be used if there are multiple entries on lines coded 47.00 through 47.85.

Current authority: Contract authority:

Amount of new authority to incur obligations in advance of collections or an appropriation for liquidation.

49.00 Contract authority (definite)

49.05 Contract authority (indefinite)

49.xx [See special instructions in section 32.7]

This entry will be used with the suffix codes in section 32.7 to report rescissions, reductions in

appropriations acts, and G-R-H
reductions associated with current
contract authority.

49.90 Contract authority
(total)

This line equals the sum of lines
49.00 through 49.85 and will be used
if there are multiple entries on lines
coded 49.00 through 49.85.

Current authority:

Amounts of new budget authority

Reappropriation:

resulting from congressional actions

50.00 Reappropriation
(definite)

to continue the availability of funds
that have expired or would otherwise

50.05 Reappropriation
(indefinite)

expire. Any such extension of
availability will be counted as new

50.20 Reappropriation (special
fund, definite)

budget authority in the first year of
the extended availability.

50.25 Reappropriation (special
fund, indefinite)

| 50.26 Reappropriation (trust
| fund, definite)

| 50.27 Reappropriation (trust
| fund, indefinite)

50.xx [See special
instructions in section 32.7]

This entry will be used with the
suffix codes in section 32.7 to report
rescissions, reductions in
appropriations acts, and G-R-H
reductions associated with
reappropriations.

53.00 Reappropriation (total) This line equals the sum of lines
50.00 through 50.85 and will be used
if there are multiple entries on lines
coded 50.00 through 50.85.

Permanent authority:	Amount of authority becoming available
Appropriations:	during the period without new action
60.00 Appropriation (definite)	by Congress. See definitions for types
60.05 Appropriation	of authority in corresponding lines
(indefinite)	under current authority.
60.20 Appropriation (special	
fund, definite)	
60.25 Appropriation (special	
fund, indefinite)	
60.26 Appropriation (trust	
fund, definite)	
60.27 Appropriation (trust	
fund, indefinite)	
60.28 Appropriation	For permanently appropriated special
(unavailable balances)	and trust fund accounts with amounts
	precluded from obligation by
	provisions of law, amount of budget
	authority that becomes available for
	obligation from balances of receipts
	previously unavailable and reported in
	a schedule on unavailable collections
	(data section N).
60.45 Portion precluded from	Amount of budget authority in a

obligation (-) special or trust fund precluded from
Use lines 60.26 and 60.45 only obligation in a fiscal year by a
with prior approval of OMB. provision of law (such as a limitation
on obligations or a benefit formula).
This amount will be treated as a
balance of budgetary resources
unavailable for obligation and will be
included in a schedule on unavailable
collections (see section 36.6).

60.47 Portion applied to debt
reduction (-)

60.48 Portion applied to Amount used to liquidate a prior year
liquidate deficiencies (-) deficiency (see line 85.00).

60.49 Portion applied to
liquidate contract authority
(-)

60.xx [See special This entry will be used with the
instructions in section 32.7] suffix codes in section 32.7 to report
rescissions and G-R-H reductions
associated with permanent
appropriations.

61.00 Transferred to other
accounts (-)

62.00 Transferred from other
accounts

63.00 Appropriation (total) This line equals the sum of lines
60.00 through 62.00 and will be used
if there are multiple entries on lines
coded 60.00 through 62.00.

Permanent authority: Proceeds of loan asset sales with recourse:

64.00 Proceeds of loan asset sales with recourse	Amount of new budget authority resulting from the sale of financial assets with recourse (see section 14.2).
64.47 (-) Portion applied to debt redemption	Amount of the proceeds of loan asset sales with recourse used to liquidate debt.
64.90 Proceeds of loan asset sales with recourse (total)	This line equals the sum of lines 64.00 through 68.47 and will be used if there are multiple entries on lines coded 64.00 and 64.47.

Permanent authority: Advance appropriation:

65.00 Advance appropriation (definite)	Appropriations which are made to become available one fiscal year or more beyond the fiscal year for which the appropriations act is passed.
65.05 Advance appropriation (indefinite)	
65.20 Advance appropriation (special fund, definite)	
65.25 Advance appropriation (special fund, indefinite)	
65.26 Advance appropriation (trust fund, definite)	
65.27 Advance appropriation (trust fund, indefinite)	

65.xx [See special instructions in section 32.7] This entry will be used with the suffix codes in section 32.7 to report rescissions, reductions in appropriations acts, and G-R-H reductions associated with advance appropriations.

65.90 Advance appropriation (total) This line equals the sum of lines 65.00 through 65.85 and will be used if there are multiple entries on lines coded 65.00 through 65.85.

Permanent authority: Authority to borrow:

67.10 Authority to borrow (definite)

67.15 Authority to borrow (indefinite)

67.16 Authority to borrow (indefinite) (12 U.S.C. 2281-96) Amount of authority to borrow for direct loan obligations by the Federal Financing Bank. Use only for liquidating accounts.

67.xx [See special instructions in section 32.7] This entry will be used with the suffix codes in section 32.7 to report rescissions, reductions in appropriations acts, and G-R-H reductions associated with permanent authority to borrow.

67.90 Authority to borrow This line equals the sum of lines

(total) 67.10 through 67.85 and will be used
if there are multiple entries on lines
coded 67.10 through 67.85.

Permanent authority: Spending authority from offsetting collections:

68.00 Spending authority from Amount equal to offsetting collections
offsetting collections credited to the account. Will also
include refunds that pertain to
obligations recorded in prior fiscal
years.

68.26 Spending authority from For accounts with limitations on the
offsetting collections use of offsetting collections, the
(unavailable balances) amount of budget authority that
becomes available for obligation from
unavailable balances of offsetting
collections reported in the schedule
on unavailable collections (see MAX
schedule N).

68.27 Capital transfer to Amount of offsetting collections
general fund (-) deposited to Treasury receipt accounts
Use only for revolving funds. for "Earnings of Government-owned
enterprises," or "Repayments of
capital investment, Government-owned
enterprises." Should not include
interest payments.

68.33 Portion applied to Amount of offsetting collections used
liquidate deficiencies (-) to cover obligations incurred in a
prior year in excess of available

	budgetary resources. This entry will always equal line 86.00.
68.45 Portion not available for obligation (limitation on obligations) (-)	Portion of total offsetting collections credited to the account that is not available for obligation because of limitations on program level included in appropriations acts. (This amount will be treated as a balance of budgetary resources unavailable for obligation and will be included in a schedule on unavailable collections (see section 36.6).)
68.47 Portion applied to debt reduction (-)	Amount of offsetting collections used for repayments of borrowing outstanding.
68.49 Portion applied to liquidate contract authority (-)	Amount of offsetting collections used to liquidate contract authority.
68.75 Reduction pursuant to P.L. xxx-xxx (-)	Reductions in appropriations law mandating reductions (percentage or other) in spending authority from offsetting collections.
68.80 Reduction pursuant to P.L. 99-177 (discretionary program) (-)	These two entries will reflect the amount of offsetting collections that are not available in the account as a result of reductions in spending authority pursuant to G-R-H.
68.85 Reduction pursuant to P.L. 99-177 (mandatory	

program) (-)

68.90 Spending authority from offsetting collections (total)	This line equals the sum of lines 68.00 through 68.85 and will be used only if there are multiple entries on lines coded 68.00 through 68.85.
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Permanent authority: Contract authority:

69.10 Contract authority
(definite)

69.15 Contract authority
(indefinite)

69.xx [See special instructions in section 32.7]	This entry will be used with the suffix codes in section 32.7 to report rescissions, reductions in appropriations acts, and G-R-H reductions associated with permanent contract authority.
--	--

69.90 Contract authority (total)	This line equals the sum of lines 69.10 through 69.85 and will be used if there are multiple entries coded 69.10 through 69.85.
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32.4. Data on relation of obligations to outlays.

The section on "Relation of obligations to outlays" sets forth the

items making up the bridge between total obligations and outlays. The entries listed below, coded as indicated, should be used. Entries in boldface normally will be generated automatically. When additional entries are needed, prior approval must be obtained from OMB.

Entry	Description
71.00 Total obligations.	This entry will always equal line 10.00 in the program by activities section. This entry will always be listed in the stub column even if no amounts are shown.
Obligated balance, start of year: 	Net unpaid obligations brought forward from the preceding year (see section 14.2(a)). These entries will equal the corresponding entries at the end of the preceding year. Total unpaid obligations and current accounts receivable from transactions with other Government accounts will be separately identified.
72.10 Receivables from other government accounts This entry is not generally	Current accounts receivable from transactions with other government accounts that have been reported as offsetting collections. Does not

applicable to special funds or	include receivables from the public
non-revolving trust funds.	(see section 14.2(a)).
72.xx Unpaid obligatios	Total unpaid obligations brought
72.xx Treasury balance	forward from the preceding year (see
U.S. securities:	section 14.2(a)).
72.xx Par value	
72.xx Unrealized discounts	
(-)	

Use these subentries only for
accounts that have investments
in U.S. securities.

[See special instructions in
section 32.7]

73.00 Obligated balance	Net amount of unpaid obligations
transferred, net transferred to (minus entry) or from	
	other accounts (positive entry).

Obligated balance, end of year	Net unpaid obligations carried forward
(-):	to the succeeding year (see section
	14.2(a)). Total unpaid obligations and
	current accounts receivable from
	transactions with other government
	accounts will be separately
	identified.
74.10 Receivables from other	
government	

|accounts

|This entry is not generally
|applicable to special funds or
|non-revolving trust funds.

| 74.xx Unpaid obligations (-)

| 74.xx Treasury balance (-)

| U.S. securities:

| 74.xx Par value (-)

| 74.xx Unrealized discounts

|Use these subentries only for
|accounts that have investments
|in U.S. securities.

|[See special instructions in
|section 32.7.].

|

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77.00 Adjustments in expired	Net amount of upward adjustments
accounts	(positive entry) or downward
Use only in the past year	adjustments (minus entry) in
columns, unless specifically	obligations that were made in accounts
approved by OMB.	that expired prior to the beginning of
	the fiscal year. Will not include
	unobligated balances that are
	canceled. Upon cancellation, unpaid
	obligations are a negative entry and
	receivables that are transferred to
	the general fund receipt account are a
	positive entry.

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|-----
| 78.00 Adjustments in unexpired Amounts made available for obligation
|accounts (-)                in no-year and unexpired multiple year
|                             accounts through deobligation or
|                             downward adjustments of prior year
|                             obligations. This entry will always
|                             equal amounts reported on line 17.00.
|
|-----
| 83.00 Prior year deficiencies, Balance of amounts that require a
|start of year (-)          deficiency appropriation or will be
|83.10 Adjustments, net     liquidated by offsetting collections.
|84.00 Prior year deficiencies, Amount on line 83.00 should agree with
|end of year                the sum of amounts on lines 30.00 and
|                             84.00 for the previous year. Do not
|                             include any amount recorded on line
|                             30.00 in the same year. The
|                             adjustment entry will be used to
|                             reflect net adjustments to the amount
|                             of prior year deficiencies that will
|                             require a deficiency appropriation or
|                             will be liquidated by offsetting
|                             collections.
|
| 85.00 Deficiency appropriation Amount provided to eliminate a prior
|                             year deficiency. (see lines 40.48 and
|                             60.48)
|
| 86.00 Portion of offsetting This entry will be used when
|collections applied to      offsetting collections are used to
|liquidate deficiencies       liquidate a prior year deficiency and

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| will equal amounts reflected on line
| 68.33.

|-----
| 87.00 Outlays (gross) Line 87.00 is used to report gross
| outlays. It will only be used if
| offsetting collections (lines 88.00
| through 88.50) are credited to the
| account. The entry will equal the sum
| of lines 71.00 through 86.00. If there
| are no offsetting collections, only
| line 90.00 is required.

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|
|
| 32.5. Data on offsetting collections and adjustments to gross budget
| authority and outlays.

| The section on "Offsetting collections and adjustments to gross
| budget authority and outlays" identifies the offsetting collections
| that are deducted from gross budget authority and outlays to arrive at
| a net budget authority and outlay amount for the account. Entries in
| boldface normally will be generated automatically.

Entry Description

Offsetting collections from: Amounts authorized to be credited to

an appropriation or fund account.

(Includes refunds that pertain to obligations recorded in prior fiscal years.) The collections will be identified by the source of the payment (see the descriptions below). Subentries will be used when there are significant amounts of different types of income, such as insurance premiums, loan repayments, interest, fees, etc. Where reimbursable work is authorized, the amount reflected as offsetting collections will represent the budgetary resources available for obligation, e.g., orders accepted from within the Government that represent valid obligations of the ordering account, orders accepted from the public for which advance payment has been received. (Reimbursements received when orders from within the government are filled will not be recorded as budgetary resources.) See section 14.3 for adjustments related to U.S. securities transactions.

| 88.00 Federal sources (-)

|
|
|
|

Amount of payments from other government accounts except interest received from investments in U.S. securities. Include orders and

	contracts accepted that are valid
	obligations of ordering accounts
	whether or not accompanied by
	advances. Includes all general fund,
	special fund, trust fund, revolving
	fund, and management fund accounts.
	Also includes all payments from
	Federal accounts not included in the
	budget totals.
88.20 Interest on U.S. securities (-)	For general and revolving fund accounts, interest earned or estimated to be received on investments in marketable and nonmarketable Treasury securities.
88.25 Interest on uninvested funds (-)	Interest paid by Treasury on balances not invested in public debt securities.
88.40 Non-Federal sources (-)	Amount of payments received from
	outside the Government as a result of
	business-type transactions (e.g.,
	repayments of loan principal, interest
	on outstanding loans, user charges)
	and amount of orders received from
	outside the Government that are
	accompanied by advances. Excludes
	payments that arise from the
	Government's sovereign or governmental
	powers. Such amounts will be reported
	on line 88.45.

88.45 Offsetting governmental	Amount of payments received from
(-)	non-Federal sources that are
	governmental in nature (e.g., tax
	receipts, compulsory user charges,
	custom duties, license fees) but
	required by law to be credited to the
	account (see section 14.2(d)).

88.90 Total, offsetting	This entry is the sum of lines 88.00
collections (-)	through 88.50 and will only be used if
	there are multiple entries coded 88.00
	through 88.50.

89.00 Budget authority (net)	This entry equals line 39.00 plus the
	negative amounts on lines 88.00
	through 88.50 or line 88.90, if that
	line is used. It will be used only if
	offsetting collections (lines 88.00
	through 88.50) are credited to the
	account.

90.00 Outlays (net)	Total of the lines 87.00 plus the
	negative amounts on lines 88.00
	through 88.50 or line 88.90, if that
	line is used. When line 87.00 is not
	used, it will equal the total of lines

71.00 through 86.00. The word "net" will appear in the stub entry only for accounts that are credited with offsetting collections. This entry will always be listed in the stub column even though the amount columns may be blank.

91.10 Outlays prior to reduction pursuant to P.L. 99-177	The amount of outlays that would have occurred in the current year only if resources had not been sequestered under G-R-H. Use only if 91.80 and/or 91.85 are reported.
91.80 Reduction pursuant to P.L. 99-177 (discretionary program) (-)	The amount of the reduction in outlays in the current year only associated with a G-R-H sequester of budgetary resources for discretionary programs.
91.85 Reduction pursuant to P.L. 99-177 (mandatory program) (-)	The amount of the reduction in outlays in the current year only associated with a G-R-H sequester of outlays of budgetary resources for mandatory programs.

32.6. Data on distribution of budget authority and outlays.

When accounts are consolidated or merged into a single schedule (see

section 32.8(g)-(h)), a distribution of budget authority and outlays by account will be appended to the bottom of the program and financing schedule. Each merged or consolidated budget account will be listed by name and data provided for PY through BY.

32.7. Additional coding requirements for budget authority and balances.

(a) Reporting of rescissions and reductions of budget authority.--Budget authority entries for both current and permanent appropriations, reappropriations, authority to borrow, and contract authority (codes 40.xx, 47.xx, 49.xx, 50.xx, 60.xx, 67.xx and 69.xx) may require additional coding to report the following information:

-
- .35 [type of authority] rescinded. [Rescission proposals will be shown in a separate program and financing schedule with transmittal code "5," and the stub title will be modified to read "Rescission proposal."]
 - .36 Unobligated balance rescinded [type of authority].
[Rescission proposals will be shown in a separate program and financing schedule with transmittal code "5," and the stub title will be modified to read "Rescission proposal."]
 - .75-.79 Reduction pursuant to P.L. xxx-xxx. [Used for reduction in appropriations law mandating reductions (percentage or other) allocated to affected accounts.
 - .80 Reduction pursuant to P.L. 99-177 (discretionary program).
[Used for G-R-H reductions.]

.85 Reduction pursuant to P.L. 99-177 (mandatory program) [Used
 for G-R-H reductions.]

(b) Reporting of balances.--Balance entries (items 21.xx, 24.xx, 72.xx, and 74.xx) will be coded with a two-digit suffix, as follows, to identify the type of authority involved. For appropriations and fund balances, the second digit will differentiate between invested and uninvested balances.

.4x Appropriation:

0--Treasury balance

1--Par value [for investments in U.S. securities]

2--Unrealized discounts [for investments in U.S.
securities]

.47 Authority to borrow

.49 Contract authority [unfunded]

.9x Fund balance [for revolving and management funds only]:

0--Treasury balance

1--Par value [for investments in U.S. securities]

2--Unrealized discounts [for investments in U.S.
securities]

Where more than one type of authority is involved, the main entry

will be uncoded and subentries will be coded as shown above. These codes will be used for balances of both current and permanent authority. Balances of reappropriations will be coded the same as appropriations.

Agencies are reminded that contract authority by definition is unfunded. When an appropriation to liquidate the contract authority is provided, the unexpended balance thereafter is reported as an appropriation balance.

For invested balances, the amount of any purchase discount will be carried as an adjusting entry until the security is redeemed or sold at which time the adjusting entry will be reversed and a receipt or offsetting collection will be recorded (see section 14.3).

32.8. Program and financing in special cases.

The instructions in sections 32.1-32.5 will be modified in certain cases, as described below.

(a) Supplementals (including pay raise supplementals) and items for later transmittal.--Separate schedules will be required to display those transactions that are excluded from the regular budget schedules, i.e., pending supplementals, supplementals requested in the budget, and items proposed for later transmittal under either existing or proposed legislation. The schedules will reflect the effect of these transactions upon the information presented in the regular schedule for the account. The presentation for the regular account will also include a summary of budget authority and outlays in accordance with section 36.2.

Supplementals and items proposed for later transmittal are identified in the account identification code for the schedule as

described in section 20.3. One of the following titles, as appropriate, will be shown at the top of the schedule:

Supplemental now requested

Legislative proposal, not subject to PAYGO

Legislative proposal, subject to PAYGO

When a supplemental proposal involves a transfer between accounts, the transaction will be omitted from the regular schedules, and displayed in separate schedules for each of the affected accounts.

(b) Rescission proposals.--The effect of rescission proposals will be omitted from the regular program and financing schedule for the affected account and presented in a separate schedule under transmittal code 5 (see section 14.2(j)).

The rescission schedule will reflect the changes to amounts in the regular schedule that would result from the rescission. For example, if the budget authority would otherwise be obligated in the event that the rescission is not accepted, negative amounts for obligations and outlays (outlay savings) should be displayed in the rescission schedule. In cases where the amounts proposed for rescission could not otherwise be obligated and are shown as expiring in the regular schedule, a negative entry for line 2500, "Unobligated balance expiring," will be shown on the rescission proposal schedule. This same amount will also be entered as a rescission proposal on the appropriate budget authority line. The combination of the regular and rescission schedules should display the condition of the account as it would exist if Congress accepts the rescission proposal. The presentation for the regular account will also include a summary of budget authority and outlays in accordance with section 36.2.

Deferrals (see section 14.1) and enacted rescissions will be included in the regular budget schedules. In addition, if legislation

defers existing budget authority from a year in which it was available for obligation to a year in which it was not available for obligation, a rescission will be reflected in the regular budget schedules.

Part VII of OMB Circular No. A-34 describes the materials that must be submitted for rescission proposals and deferrals.

(c) Transfer in the estimates.--Revision of estimates to reflect a proposed transfer of responsibility for certain activities may be required of both the gaining and the losing agencies (see section 14.2(1)). Where a transfer in the estimates for the budget year results in a significant increase to or decrease from the amount of budget authority for the past or current year, a footnote explaining the transfer will follow the program and financing schedule. For the account assuming the responsibility, the following footnote will be used:

Note.--Includes \$---- thousand in budget authority in 19BY for activities previously financed from:

19PY 19CY

(In thousands of dollars)

[List the full title of each losing account, including agency and bureau, and the budget authority amount applicable to each. Where it is more appropriate to show the amount on some other basis, e.g., obligations, the footnote will be modified accordingly.]

If the entire budget year estimate is for the transferred activity, the footnote may be worded "19BY estimate is for activities previously financed from [List agency, bureau, and account title]."

For the account losing the activity, the following footnote will be used:

Note.--Excludes \$---- thousand in budget authority in 19BY for activities transferred to:

[List the full title of each gaining account, including agency and bureau, and the budget authority amount applicable to each. Where it is more appropriate to show the amount on some other basis, e.g., obligations, the footnote will be modified accordingly.]

Comparable amounts for 19PY (\$---- thousand) and 19CY (\$---- thousand) are included above.

A transfer in the estimates footnote is required only in the year the transfer proposal is made. If more than one footnote is used they should be displayed below a centered heading, "NOTES." Wording of the footnotes will be modified as necessary to explain current year transfers.

(d) Transfer of resources.--Transfers between agencies resulting from Presidential reorganization plans or enacted reorganization legislation may involve unique problems. As a general rule, the transferred activities will be excluded from the schedules of the losing agency and shown in the gaining agency on a three year comparable basis. Footnotes will be used to identify the amounts involved. When the gaining agency assumes all of the activities previously financed under a single account in another agency, the losing agency will omit budget schedules and appropriation language for the affected account and the transferred activities and

appropriation language will be reflected in the gaining agency.

Agency staff must consult with OMB representatives in each instance.

(e) Annual limitations on use of trust or revolving funds.--The program totals on schedules for limitations on administrative expenses and other annual limitations on the use of trust or revolving funds will be stated on the basis of obligations or other measures, depending upon the basis on which the limitation operates. The wording of the total line will be adjusted accordingly. An entry reading "Balance lapsing" will be used to identify amounts no longer available. Limitations on direct loans and loan guarantees are treated separately (see section 33).

Entries in these schedules will not be coded but should generally conform to the line entries described in sections 32.3, 32.4, and 32.5 as applicable. (Entries on the related object class schedule will be coded.) The last entry of the financing section will read "Limitation." The last entry in the section on relation of obligations to outlays will read "Outlays from limitation." Similarly, proposed supplemental increases in limitations will be displayed in the uncoded separate schedule for the limitation account; the effect of the increase upon the fund, if any, will be displayed in a coded separate schedule for the fund as a whole.

(f) Allocations.--Program and financing information for allocations will be combined with the parent account without separate identification (see section 11.5(d)). However, obligations incurred under allocations for accounts that have allocations to other agencies will be identified in a separate section of the object class schedule of the parent agency (see section 35.4).

A note will be shown in the receiving agency's submission (at the end of each bureau or equivalent grouping, as appropriate) under the

heading "Allocations received from other accounts," reading as follows:

Note.--Obligations incurred under allocations from other accounts are included in the schedules of the parent appropriations as follows: [list agency, bureau, and account title for each parent appropriation].

References should not be included in cases where the only allocation transactions are outlays, since outlays from allocations are not separately identified.

(g) "Merged" accounts.--Where two or more appropriations have been or are proposed to be replaced by a single appropriation (see section 11.5(f)), a single set of schedules will be submitted for the new appropriation covering PY through BY. On such schedules, a distribution of budget authority and outlays by account will be shown at the end of each consolidated program and financing schedule (see section 32.6).

The following footnote will also be used:

Note.--The activities previously financed under [agency title, bureau title, account title(s)] in 19PY and 19CY are presented in these schedules and are proposed to be financed in this account in 19BY. Budget authority and outlays are distributed by account above.

(h) Consolidated schedules.--When two or more accounts are consolidated in a single set of schedules (see section 11.5(g)), the title of each unexpired account will be listed as an activity.

Subentries may be used to identify activities carried under the individual accounts when the amounts are significant. A distribution of budget authority and outlays by account will be shown at the end of the program and financing schedule (see section 32.6).

When the schedule includes accounts for which no new appropriations were made and against which no obligations were incurred, such accounts will be identified in a footnote reading:

Note.--Includes unobligated balances for [titles of accounts].

32.9. Agreement with the Treasury Annual Report and the final Report on Budget Execution (Standard Form 133).

Data for the past year are to be reported in conformance with related reports unless an exception is approved by OMB. Agencies should report past year data to Treasury in a way that is consistent with the way amounts will show in the past year of the program and financing schedules. To the extent that these amounts are reported to Treasury by organizations other than those preparing the budget schedules, action should be taken to ensure that the amounts reported are conceptually and numerically consistent. The following table lists the major items that should be consistent in program and financing schedules, in the Treasury Department's Annual Report Appendix (commonly known as the Treasury Combined Statement or TCS), and in the final (September 30) Report on Budget Execution (Standard Form 133). In the event of disagreement, agencies should prepare explanations of the reasons. Differences between Treasury balances and balances in the budget may exist for certain types of investment

transactions (see section 14.3).

Each agency provides the Treasury Department with the necessary information, through various accounting reports, to prepare the Annual Report. Before Treasury distributes advance copies of the Annual Report, the checks indicated in the following table should be made against data reported on the "Year-End Closing Statement" (Treasury FMS Form 2108) and the "Undisbursed Appropriation Account Ledger" (Treasury FMS Form 6653).

Treasury Annual Report,	Program and financing	
Part Three--	schedule line entries	SF 133 line entries
Appropriations, outlays,	(as described in	as described in OMB
and balances	sections 32.2-32.5)	Circular No. A-34

Column 1: Balances	21.xx--Unobligated	2A--Unobligated
beginning of fiscal year, balance available, start	balance: Brought	
unobligated balance:	of year (plus amounts	forward October 1,
(less amounts footnoted	that are precluded from	in the unexpired
as unavailable for	obligation because of	account column
obligation)	limitations or benefit	only.
(Deduct unobligated	formulas)	
balances in expired	83.00--Prior year	
accounts.)	deficiencies, start of	
	year (deduct absolute	
	value)	

Column 1: Balances	72.xx--Unpaid	13A--Net unpaid
beginning of fiscal year, obligations, start of		obligations:
obligated balance: The	year	Obligated balance,
sum of accounts payable	72.10--Receivables from	as of October 1
and undelivered orders	other government	
minus the sum of accounts	accounts, start of year	
receivable and unfilled		
customer orders		

Column 2: Appropriations	Budget authority entries	1--Budget
and other obligational	(including 41.00 and	authority
authority: Total	42.00 but excluding	
	68.xx)	
	23.xx--Reduction pursuant	
	to P.L. 99-177 in	
	unobligated balance	
	85.00--Deficiency	
	appropriation	

Net effect shown, with a	41.00--Transferred to	1D--Budget
footnote, in column 2 for other accounts (budget		authority: Net
transfers between annual	authority) (deduct	transfers (+) or
accounts in the same fund	absolute value)	(-)
group. All other	42.00--Transferred from	
transfers shown in column	other accounts (budget	
3	authority)	
	61.00--Transferred to	

other accounts (deduct
absolute value)
62.00--Transferred from
other accounts

Column 3: Transfers, 22.00--Unobligated Not applicable
borrowings, and balance transferred, net
investments (net): (deduct positive figures;
(Borrowings are shown net add absolute value of
of repayments. Program negative figures)
and financing schedules 31.00--Redemption of debt
show repayments only 68.47--Portion applied to
(line 31.00); therefore, debt reduction
amounts in this column 73.00--Obligated balance
and the sum of applicable transferred, net (add
program and financing positive figures; deduct
entries may disagree by absolute value of
the amount borrowed.) negative figures)

Not applicable 22.00--Unobligated 2B--Unobligated
balance transferred, net balance: Net
(deduct positive figures; transfers (+) or
add absolute value of (-)
negative figures)

Column 4: Outlays (net): 90.00--Outlays 14--Outlays

Total

Not applicable	68.xx--Spending authority from offsetting collections	3--Reimbursements and other income collections
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Not applicable	17.00--Recovery of prior year obligations (add absolute value) (Unexpired accounts only.)	4A--Recoveries of prior obligations: actual, in the unexpired account column only. (Deduct refunds from prior years.)
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Not applicable	78.00--Adjustments in unexpired accounts	4A--Recoveries of prior obligations: actual
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Column 5: Balances withdrawn and other transactions: The sum of the entries for undisbursed funds, unfunded contract authority, authority to	Not applicable.	Not applicable
--	-----------------	----------------

borrow from the Treasury,
 and authority to borrow
 from the public (plus
 increases in unobligated
 balances footnoted in
 columns 1 and 6 as
 unavailable for
 obligation)

Column 6: Balances end of 24.xx--Unobligated	Not applicable
fiscal year, unobligated balance available, end of	
balance: (Less amounts year (plus amounts that	
footnoted as unavailable are precluded from	
for obligation)	obligation because of
	limitations or benefit
	formulas)
	30.00--Deficiency (deduct
	absolute value)
	84.00--Prior year
	deficiencies, end of year

Not applicable	24.xx--Unobligated	9--Unobligated
	balance available, end of	balances available
	year	in the unexpired
	25.00--Unobligated	account column
	balance expiring	
	30.00--Deficiency (deduct	

absolute value)

84.00--Prior year

deficiencies, end of year

10--Unobligated
balances
unavailable in the
unexpired account
column

Column 6: Balances end	74.xx--Unpaid	13C--Net unpaid
of fiscal year, obligated	obligations, end of year	obligations;
balance: The sum of	74.10--Receivables from	obligated balance,
accounts payable and	other government	end of year
undelivered orders minus	accounts, end of year	
the sum of accounts		
receivable and unfilled		
customer orders		

Not applicable	10.00--Total obligations	8--Obligations
		incurred in the
		unexpired account
		column

Not applicable	71.00--Total obligations	12--Obligations
	78.00--Adjustments in	incurred, net, in
	unexpired accounts	the unexpired

account column

Not applicable	77.00--Adjustments in expired accounts	8--Obligations incurred in the expired account column 4--Recoveries reported in the expired account column (report as a negative value)
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Federal Credit Data (MAX Schedules G, H, U, W, and Y)

33.1. Purpose and scope.

These instructions on budget formulation and presentation for Federal credit programs reflect the requirements of the Federal Credit Reform Act of 1990 (Title V of the Congressional Budget Act of 1974).

The major purposes of the Act are to:

- measure more accurately the costs of Federal credit programs;
- place the cost of credit programs on a budgetary basis equivalent to other Federal spending;
- encourage the delivery of benefits in the form most appropriate to the needs of beneficiaries; and
- improve the allocation of resources among credit programs and

between credit and other spending programs.

33.2. Coverage.

These instructions apply to all direct loan and loan guarantee programs. Section 506 of the Federal Credit Reform Act exempts certain programs from credit reform accounting. These programs are still required to report other credit data in data sections G, H, and Y (see 33.7, 33.8, and 33.10).

33.3. Requirement for appropriations.

New direct loan obligations may be incurred and new loan guarantee commitments may be made only to the extent that:

- appropriations of budget authority to cover their costs are made in advance;
- a limitation on the use of funds otherwise available for the cost of a direct loan or loan guarantee program is enacted; or
- authority is otherwise provided in appropriation acts.

This requirement also applies to modifications of direct loans (or direct loan obligations) or loan guarantees (or loan guarantee commitments) that increase their cost.

Exemptions from this requirement for programs considered mandatory will be specified by OMB pursuant to section 504(c) of the Federal Credit Reform Act.

33.4. Background.

The Federal Credit Reform Act requires that all estimated subsidy

costs arising from direct loan obligations and loan guarantee commitments made in 1992 and later years be recorded in program accounts. All other cash flows arising from direct loan obligations and loan guarantee commitments are recorded in separate direct loan and guaranteed loan financing accounts. These financing accounts are not included in the budget totals. The net cash flows for these direct and guaranteed loan transactions are recorded outside the budget totals as a means of financing the deficit. In other words, only the unreimbursed costs of making new loans--the subsidy costs, on a net present value basis, and administrative expenses, on a cash basis--are counted in the budget totals.

33.5. Definitions.

This section defines the following key terms used in credit reform. In these definitions, the term "post-1991" means the direct loan obligations or loan guarantee commitments made on or after October 1, 1991, and the resulting direct loans or loan guarantees. The term "pre-1992" means the direct loan obligations or loan guarantee commitments made prior to October 1, 1991, and the resulting direct loans or loan guarantees.

Key Terms	Subsection

Administrative expenses.....	(n)
Claim payments.....	(p)
Cohort.....	(k)

Direct loan.....	(e)
Direct loan obligation.....	(f)
Direct loan subsidy cost.....	(g)
Financing account.....	(b)
Gross proceeds.....	(q)
Liquidating account.....	(c)
Loan guarantee.....	(h)
Loan guarantee commitment.....	(i)
Loan guarantee subsidy cost.....	(j)
Modifications.....	(o)
Negative subsidies.....	(m)
Negative subsidy account.....	(d)
Net proceeds.....	(r)
Program account.....	(a)
Reestimates.....	(s)
Risk categories.....	(l)

(a) The program account is the budget account into which an appropriation to cover the subsidy cost of a direct loan or loan guarantee program is made and from which such cost is disbursed to the financing account. Usually, a separate amount for administrative expenses is also appropriated to the program account.

(b) The financing account is the non-budget account or accounts associated with each credit program account which holds balances, receives the subsidy cost payment from the credit program account, and includes all other cash flows to and from the Government resulting from post-1991 direct loans or loan guarantees. Each program account

is associated with one or two financing accounts, depending on whether the account makes both direct loans and loan guarantees. Separate financing accounts are required for direct loans and loan guarantees.

(c) The liquidating account is the budget account that includes all cash flows to and from the Government resulting from pre-1992 direct loans or loan guarantees. All liquidating accounts will be coded as mandatory spending. Cash flows associated with modified direct loans and loan guarantees are treated as exceptions (see section 33.5(o)).

(d) A negative subsidy account is the budget account for the receipt and/or expenditure of amounts paid from the financing account when there is a negative subsidy for the original estimate or a downward reestimate (see section 33.5(m)). Special fund expenditure and receipt accounts must be established with Treasury for any program that has negative subsidies or downward reestimates of the subsidy. The accounts are special fund accounts, because the receipts are earmarked for a particular program.

(e) A direct loan is a disbursement of funds by the Government to a non-Federal borrower under a contract that requires repayment of such funds with or without interest. The term includes the purchase of, or participation in, a loan made by a non-Federal lender. The term also includes the sale of a Government asset on credit terms of more than 90 days duration. The term does not include the acquisition of federally guaranteed non-Federal loans in satisfaction of default or other guarantee claims (see section 33.5(p)) or the price support loans of the Commodity Credit Corporation.

(f) A direct loan obligation is a legal or binding agreement by a Federal agency to make a direct loan when specified conditions are fulfilled by the borrower. Acquisitions of federally guaranteed non-Federal loans in satisfaction of default or other guarantee claims

will not be recorded as new direct loan obligations. However, they will be recorded as a disbursement in addendum entries to the guaranteed loan schedule (line 2331) (see section 33.8).

For those programs that were financed by the FFB prior to credit reform, pre-1992 loans made by the FFB on behalf of any agency will continue to be recorded as direct loans. Post-1991 loans will be treated in the same manner as loans financed by other means, i.e., the nonsubsidized portion will be financed through the financing accounts and the subsidy value will be paid by the agency program accounts to the financing accounts.

(g) The direct loan subsidy cost is the estimated long-term cost to the Government of a direct loan, calculated on a net present value basis, excluding administrative costs. Specifically, the cost of a direct loan shall be the net present value, at the time when the direct loan is disbursed from the financing account, of the following cash flows:

- loan disbursement;
- repayments of principal; and
- payments of interest and other payments by or to the Government over the life of the loan after adjusting for estimated defaults, prepayments, fees, penalties, and other recoveries.

The subsidy cost will be estimated and an obligation recorded against budget authority (appropriations) in the credit program account when the direct loan obligation is incurred. Accounts payable (to the direct loan financing account) will be recorded in the amount of the estimated obligation. The subsidy will be outlayed at the time the loan is disbursed. (See the OMB subsidy model and users' guide for information about estimating the subsidy.)

- (h) A loan guarantee is any guarantee, insurance, or other pledge

with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender, but does not include the insurance of deposits, shares, or other withdrawable accounts in financial institutions.

(i) A loan guarantee commitment is a legally binding agreement by a Federal agency to make a loan guarantee when specified conditions are fulfilled by the borrower, the lender, or any other party to the guarantee agreement.

(j) The loan guarantee subsidy cost is the estimated long-term cost to the Government of a loan guarantee, calculated on a net present value basis, excluding administrative costs. Specifically, the cost of a loan guarantee shall be the net present value, at the time when the guaranteed loan is disbursed by the lender, of the following cash flows:

- estimated payments by the Government to cover defaults and delinquencies, interest subsidies, and other payments; and
- estimated payments to the Government including origination and other fees, penalties, and recoveries.

The subsidy cost will be estimated and an obligation recorded against budget authority (appropriations) in the credit program account when the loan guarantee commitment is made. Accounts payable (to the guaranteed loan financing account) will be recorded in the amount of the estimated obligation. The subsidy will be outlaid at the time the loan is disbursed by the private lender. (See the OMB subsidy model and users' guide for information about estimating the subsidy.)

(k) A cohort includes those direct loans or loan guarantees of a program that are subsidized by an appropriation for a fiscal year even if disbursements occur in subsequent years. For direct loans and loan

guarantees subsidized by an appropriation available for one fiscal year, the cohort will be defined by that fiscal year. For direct loans and loan guarantees subsidized by multi-year and no-year appropriations, the cohort may be defined either by the year of obligation or by the year of appropriation. The OMB representative with primary budget responsibility for the credit account should be consulted to determine which method is appropriate. Cohort accounting applies only to post-1991 direct loans and loan guarantees and to pre-1992 direct loans and loan guarantees that have been modified. Pre-1992 direct loans that are modified shall constitute a single "cohort". Similarly, pre-1992 loan guarantees that are modified shall constitute a single "cohort".

Post-1991 direct loans or loan guarantees will be identified by cohort. They will remain with their original cohort throughout the life of the loans, even if the loan is modified. For purposes of budget presentation, cohorts will be aggregated. However, accounting and other records will be maintained separately for each cohort of loans.

(1) Risk categories are the subdivisions of a cohort of direct loans or loan guarantees into groups of loans that are relatively homogeneous in cost, given the facts known at the time of obligation or commitment. These risk categories will group all loans obligated or committed for a program during the year that share characteristics predictive of defaults and other costs.

Risk categories will be developed by agencies in consultation with the OMB representative with primary budget responsibility for the credit account. Agencies will submit an explanation of how the risk categories were developed as described in exhibit 33I. The number of categories will be decided by agreements between agencies and their

OMB representative. The number will depend on the size of the differential in subsidy cost between categories and the ability to predict it statistically based on facts known at origination.

Risk categories may be defined by characteristics or combinations of characteristics of the loan, the project financed, and/or the borrower. Examples of characteristics or indicators that may predict cost include:

- the loan-to-value ratio;
- the relationship between the loan interest rate and relevant market rates; and
- various asset or income ratios.

Borrower-category characteristics such as type of school attended for education loans, or country risk categories for international loans, may be taken into account. If multiple characteristics or indicators are used, one may cross-classify another, or mathematical combinations may be used.

However the risk category is defined, statistical evidence must be presented, based on historical analysis of program data or comparable credit data, as to the likely costs--whether defaults, other deviations from contract, or other costs--that are expected to be associated with the loans in that category.

(m) Negative subsidies will occur in cases where the present value of cash inflows to the Government exceeds the present value of cash outflows. In such cases, appropriations bills must still provide specific authority before direct loans or loan guarantees can be made. Providing such authority will generate proprietary receipts, which are one type of offsetting receipt. As required by the Federal Credit Reform Act they are scored as offsets to discretionary budget authority and outlays for the agency. See sections 14.2 and 21 for a

discussion of proprietary receipts.

If the estimated subsidy for a risk category within a cohort is less than zero, the following treatment will apply:

- a special fund receipt and expenditure account for that program will be used, known as a negative subsidy account (see section 33.5(d));
- an amount equal to the negative subsidy will be obligated in the financing account when the loan is obligated;
- an amount equal to the negative subsidy will be paid from the financing account to the receipt account when the loan is disbursed;
- these payments will be recorded in the receipt account as proprietary receipts from the public;
- these receipts will not be available for obligation or disbursement unless appropriated by law (mandatory programs have a permanent indefinite appropriation); and
- any appropriation and expenditure of the receipts will be recorded in the program account.

It should be noted that obligations may not be incurred against appropriations of receipts until the receipts have actually been credited to the receipt account. In some cases, the receipts will not be available until after obligations for positive subsidy costs (or, possibly, administrative costs) need to be incurred in order for the program to operate as planned. This is because the receipts from negative subsidies are not credited to the receipt account until the underlying direct or guaranteed loan is disbursed. Such situations may require an appropriation from the general fund sufficient to permit obligations until adequate receipts are available.

(n) Administrative expenses are the portion of the total salaries

and expenses that are directly related to credit program operations. The Federal Credit Reform Act generally requires administrative expenses for both pre-1992 and post-1991 direct loans and loan guarantees to be included in the program account. Administrative expenses will be included in the liquidating account only if no post-1991 loans or guarantees are obligated or committed and if the terms and conditions of pre-1992 loans or loan guarantees are not modified.

The appropriations language for a credit program may provide for the appropriation for administrative expenses to be used to reimburse another account (see section 31.5). Administrative expenses that are tangentially related should not be included in the program account. As an illustration, the cost of auditing credit programs that is financed in the accounts for Inspectors General is not to be included.

Administrative expenses include:

- the appropriate proportion of administrative expenses that are shared with non-credit programs;
- the cost of operating separate offices or units that make policy decisions for credit programs;
- the cost of loan systems development and maintenance, including computer costs; (under no circumstance will computer systems costs be paid out of the financing account);
- the cost of monitoring credit programs and private lenders for compliance with laws and regulations;
- the cost of all activities related to:
 - credit extension;
 - loan servicing;
 - write-off and close out; and
- the cost of collecting delinquent loans, except for the costs of

foreclosing, managing, and selling collateral that are capitalized or routinely deducted from the proceeds of sales.

(o) A modification is a Government action that alters the estimated subsidy cost of an outstanding direct loan (or direct loan obligation) or loan guarantee (or loan guarantee commitment) from the estimate based on the cash flows contained in the most recent budget submitted to Congress--except a Government action that is permitted within the terms of existing contracts or through other existing authorities. Existing authorities are those authorities that apply to specific loans or a specific group of loans, not generic authorities available to an executive branch official.

Both a Government action and an alteration in subsidy cost are necessary conditions for a modification, as explained in the following paragraphs; a reestimate, as defined in section 33.5(s), is not a modification. A modification may result from either new legislation or administrative action; it may apply to a single loan or guarantee as well as a group; it may be of any size; it may apply to pre-1992 direct loans and loan guarantees as well as post-1991 direct loans and loan guarantees; and it may affect cash flows either directly or indirectly.

Direct modifications change the subsidy cost by altering the terms of existing contracts, by selling loan assets, or by purchasing guaranteed loans. Existing contracts may be altered by such means as forgiveness, forbearance, reductions in interest rates, extensions of maturity, and prepayments without penalty. Such actions are modifications unless they are considered work-outs as defined below, are permitted within the terms of existing contracts, or are permitted through other existing authorities.

Indirect modifications change the subsidy cost by legislation that

alters the way in which an outstanding portfolio of direct loans or loan guarantees is administered. Examples include a new method of debt collection prescribed by law or a statutory restriction on debt collection. An indirect modification produces a one-time effect on the subsidy cost of outstanding direct loans (and direct loan obligations) and loan guarantees (and loan guarantee commitments). For direct loan obligations and loan guarantee commitments made after the enactment of such legislation, the effects of the legislation are included in the original subsidy cost estimates (or in subsequent cost reestimates) and are not a modification.

The term "modification" does not include the routine administrative work-outs of troubled loans or loans in imminent default. Work-outs are actions undertaken to maximize repayments under existing direct loans or to minimize claims under existing loan guarantees. For post-1991 direct loans and loan guarantees, the expected effects of work-outs on cash flow are included in the original estimate of the subsidy cost. Therefore, to the extent that the effects of work-outs on cash flow are the same as originally estimated, they do not alter the subsidy cost. If the effects of work-outs on cash flow are more or less than the original estimate, the differences in cash flow are included in reestimates of the subsidy cost and are not modifications.

The term "modification" also does not include actions that are permitted within the terms of existing contracts, such as prepayment without penalty. For pre-1992 direct loans and loan guarantees, the effects of these actions do not have to be estimated. For post-1991 direct loans and loan guarantees, the expected effects of such actions on cash flow are included in the original estimate of the subsidy cost. Therefore, to the extent that the effects of such actions on cash flow are the same as originally estimated, they do not alter the

subsidy cost. If the effects of such actions on cash flow are more or less than the original estimate, the differences in cash flow are included in reestimates of the subsidy cost and are not modifications.

Neither the term "modification" nor the term "work-out" includes additional disbursements to borrowers that increase the amount of direct loans outstanding. These disbursements are considered to be new loans in the amount of the increment.

When direct loans or loan guarantees are modified, the subsidy cost of the modification must be calculated. When post-1991 direct loans or loan guarantees are modified, a modification adjustment transfer between the financing account and the general fund must also be calculated. These calculations are explained in section 33.11(d); their budgetary treatment is explained in section 33.12.

(p) Claim payments to private lenders due to defaults of guaranteed loans will be reported in liquidating and guaranteed loan financing accounts as described below (except that no object class data is required for financing accounts). If a loan asset is acquired, the claim payment should be reported as a loan receivable in the program and financing schedule and the object classification schedule (object class 33); in the status of guaranteed loan schedules the addendum entries will be used. If a loan asset is not acquired, the claim payment should be reported in the program and financing and object class schedules as a claim or insurance payment (if nothing of value is received) (object class 42) or as the acquisition of physical assets (if collateral is acquired) (object class 32).

(q) Gross proceeds from loan asset sales are the amounts received by the Federal Government on the day of the settlement of the loan sale. Gross proceeds are amounts paid by purchasers less any transaction costs paid on the day of the sale; for example, underwriting, rating

agency, and legal fees. The gross proceeds do not include transaction costs such as the financial advisors' fees that are paid as direct obligations by an agency. To the extent that loan assets are sold at a price that results in an increased cost to the Government, these transactions will be treated as a modification and subsidy budget authority and outlays will be scored.

(r) Net proceeds from loan asset sales are equal to the gross proceeds less all other costs associated with each sale.

(s) Reestimates of the subsidy cost of a cohort of direct loans or guaranteed loans must be made at the beginning of each fiscal year following the year in which the initial disbursement was made, as long as the loans are outstanding. Each risk category must be reestimated separately. The reestimate will be made as explained in section 33.11(e). It will then be compared with the previous estimate; for this purpose, all details of the previous subsidy estimates by risk category should be retained in program records.

| Annual reestimates that are both less than \$1 million and 5 percent
| or less of the pre-reestimate subsidy value currently recorded in that
| cohort may be omitted from the current year column of the budget. In
| the subsequent budget, the reestimate for that cohort will cover
| cumulatively the entire period since the previous published
| reestimate. Reestimates must be recorded in the current year column of
| the budget for all cohorts that fail to meet this criterion.

All increases or decreases in subsidy cost for different risk categories within the same cohort will be netted against each other; that is, risk categories which require increased subsidies may first draw on the excess from any risk categories within the cohort where the reestimate shows a subsidy decrease. No such netting may occur between cohorts.

If the reestimate indicates a net increase in the subsidy cost of the cohort as a whole since the last estimate (after transfers to any risk categories within the cohort for which the reestimate indicates a decrease in subsidy cost), an obligation in the amount of the net increase (including interest) must be recorded against permanent indefinite budget authority available to the program account for this purpose. Obligations for subsidy cost increases resulting from reestimates must be recorded separately so that they can be distinguished from obligations for the initially estimated subsidy cost. An outlay will be made from the program account to the financing account at the time the reestimate is made.

At the time that an outlay is made from the credit program account, an offsetting collection will be recorded in the appropriate risk categories in the financing account. In the case of direct loans, the offsetting collections from the program account will be used, together with repayments from borrowers, to pay interest and repay principal on borrowing from Treasury and for other expenses. In the case of loan guarantees, the offsetting collections from the program account will be retained as unobligated balances, together with the unobligated balances of the original subsidy payment and fees, until needed to pay default claims and other expenses. The additional balances due to the reestimate will earn interest at the same rate as is paid on other funds held by the financing account for the same cohort as the original direct loan or loan guarantee.

If the reestimate indicates a net decrease in the subsidy cost of the cohort as a whole since the last estimate (after transfers to any risk categories within the cohort where the reestimate indicates an increase in subsidy cost), there is a downward reestimate. To keep the correct amount of balances in the financing account, an obligation

|and a financing disbursement in the amount of the net decrease
|(including interest) must be recorded. In the case of a direct loan,
the obligation will be financed with authority to borrow from the
Treasury. In the case of a loan guarantee, the obligation will be
financed with unobligated balances.

| For discretionary programs (see the end of this section for
|mandatory programs), in the case of either direct loans or loan
|guarantees, a financing disbursement will be made from the financing
account to a special fund receipt account established for each credit
|program. The funds are disbursed to a special fund receipt account to
|give credit to the agency with the downward reestimate. MAX schedule N
|is required for these special funds if balances are carried forward
|(see section 36.6).

The receipt will be recorded as an offsetting receipt, which will
offset the total budget authority and outlays of the agency and the
budget subfunction of the program. If a special fund receipt account
for negative subsidies already exists for the credit program, a new
Treasury subaccount account for the downward reestimates must be
created.

Receipts from downward reestimates, like those from negative
subsidies, are only available for obligation to the extent provided in
advance in appropriations acts (except for mandatory programs). An
appropriation of these special fund receipts, which are earmarked for
the program, should be requested before requesting a general fund
appropriation. The credit reform provisions still apply: current
appropriations are required for discretionary subsidy costs,
modifications, and administrative costs; permanent appropriations are
available for upward reestimates and mandatory programs.

| For mandatory programs the treatment is partially different from

|discretionary programs because no further appropriations action is
|required. The disbursement (including interest) is made directly from
|the financing account to the program account where it is immediately
|available for obligation.

33.6. Materials and data required.

(a) General.--The requirements concerning computer materials in general are described in section 20.1; the credit data entries are described in sections 33.7, 33.8, 33.9, and 33.10. A summary of credit reform requirements is provided below.

| A two-digit group code will be used to group data by program. If
|additional groups are needed, agencies should contact their OMB
|representative. In the MAX system amounts will be automatically
|generated for total and subtotal entries, and start of year balances
|for the CY through BY+4. In some cases, agencies will be able to
|override the generated amounts; in other cases, the amounts will be
|protected. Detailed information is provided in the MAX User's Guide.

Separate credit schedules will be required for supplemental requests and proposed legislation items. These schedules will show the effect of the supplemental request or proposed legislation on the information presented in the regular schedules for the program.

A narrative statement is required for all credit programs (as described in section 34.5).

A written justification is required for all new credit programs or credit programs requiring reauthorization. The justification must address the Federal credit policies and guidelines contained in OMB Circular No. A-129.

Each program making post-1991 direct loans or loan guarantees will

have at least two and as many as five types of accounts:

- a program account;
- a financing account for direct loan obligations, if any;
- a financing account for loan guarantee commitments, if any;
- a receipt account for negative subsidies or downward reeestimates, if any; and
- a liquidating account for pre-1992 direct loans and loan guarantees, if any.

(b) Summary of MAX line numbers.--The following table lists the range of line numbers and types of data that appear in the MAX data base for credit data.

MAX schedule		A-11
and line no.	Description	sec. no.

G (Federal credit data, direct loans,presidential policy, PY-BY+4:)

11xx-12xx	Direct loan data (liquidating and financing accounts)	33.7
33xx	Agency debt held by the FFB (liquidating accounts)	33.10
6100-6200	Net interest data and comparable maturity (financing accounts only)	33.10

H (Federal credit data, guaranteed loans,presidential policy,

PY-BY+4:)

21xx-23xx	Guaranteed loan data (liquidating and financing accounts)	33.8
6100-6200	Net interest data and comparable maturity (financing accounts only)	33.10

U (Program account loan levels and subsidy data, presidential policy, PY-BY+4):

11xx	Direct loan levels	33.9
13xx	Direct loan subsidy data	33.9
21xx	Guaranteed loan levels	33.9
23xx	Guaranteed loan subsidy data	33.9
35xx	Administrative expense data	33.9

W (Program account loan levels and subsidy data, baseline estimates, CY-BY+4):

11xx	Direct loan levels	33.9
13xx	Direct loan subsidy data	33.9
21xx	Guaranteed loan levels	33.9
23xx	Guaranteed loan subsidy data	33.9
35xx	Administrative expense data	33.9

Y (Federal credit data, baseline estimates, CY-BY+4):

33xx	Agency debt held by the FFB (liquidating accounts only)	33.10
6100-6200	Net interest data and comparable maturity (financing accounts only)	33.10

(c) Summary of credit reform requirements.--The print materials and MAX schedules required for credit liquidating, program, and financing accounts are listed below. References to applicable A-11 sections and exhibits are also provided.

SUMMARY OF CREDIT REFORM REQUIREMENTS

A-11 Section Number	Exhibit Number
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LIQUIDATING ACCOUNT

Print Materials	
Program and financing schedule..	33.6
	--

Status of direct and/or

guaranteed loans.....	33.7, 33.8	--
Financial statements.....	36.3	--
Object classification schedule..	35.4	--
Narrative statement.....	34.4	--

MAX Schedules

A and S.....	21.3	--
P.....	33.6(d)	--
O, E, F.....	35.4, 36.3	--
G, and/or H.....	33.7, 33.8, 33.10	--
Y.....	33.10	--
C.....	25.4	--

PROGRAM ACCOUNT

Print Materials

Appropriations language.....	31.5	--
Schedule on unavailable		
collections.....	33.5(s), 36.6	36C
Program and financing schedule..	33.6(d)	33A
Summary of loan levels, subsidy		
budget authority, and outlays..	33.9	33B
Object classification schedule..	35.4	--
Narrative statement.....	34.4	--

Risk categories.....	33.5(1)	33I
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MAX Schedules

A and S.....	21.3	--
U and W.....	33.9	--
C, P, O.....	25.4, 33.6, 35.4	--
N.....	33.5,36.6	--

FINANCING ACCOUNT

Print Materials

Program and financing schedule..	33.6	33C,F
Status of direct and/or guaranteed loans.....	33.7, 33.8	33D,G
Financial statements.....	36.3	33E,H
Narrative statement.....	34.4	--

MAX Schedules

A and S.....	21.3	--
P.....	33.6(c)	--
F.....	36.3	--
G and/or H.....	33.7, 33.8, 33.10	--
Y.....	33.10	--

NEGATIVE SUBSIDY ACCOUNT

Print Materials

No additional requirements. All negative subsidy special fund expenditure accounts will be merged with program accounts.

MAX Schedules

R and L..... 21.2, 21.4, 25.4 --

(d) Program accounts are required for the following:

--any program with post-1991 direct loan obligations or loan guarantee commitments; or

--any program that modifies the terms and conditions of pre-1992 direct loans or loan guarantees.

The budget authority, obligations, and outlays for subsidy costs will be reflected in the program account. In addition, all budget authority, obligations, and outlays for the administrative expenses of a credit program, including those arising from the servicing of pre-1992, loans will be reflected in the program account.

Administrative expenses will be included in the liquidating account only if no post-1991 loans or guarantees are obligated or committed and if the terms and conditions of pre-1992 loans or loan guarantees are not modified.

The administrative expenses may be expended directly from the program account or, if authorized by appropriation language (see

section 31.5), used to reimburse a salaries and expenses account.

If amounts appropriated for administrative expenses are authorized to be transferred to a salaries and expenses account to pay administrative expenses, such transfers will be recorded as expenditure transfers. An obligation and outlay will be recorded in the program account and an offsetting collection will be recorded in the salaries and expenses account. In the salaries and expenses account, obligations for administrative expenses will be recorded without necessarily identifying them as credit program expenses.

In the program account, all direct expenses will be recorded in the appropriate object class. Administrative expenses transferred to a salaries and expenses account will be recorded in object class 25.3, "Purchases of goods and services from Government accounts". In the salaries and expenses account, obligations for administrative expenses will be recorded in the appropriate object class.

Administrative expenses are always discretionary spending. If these expenses are included in a program account that subsidizes a mandatory program, the administrative expenses will be requested as current definite appropriations and coded as discretionary spending in MAX. The account, in this case, will be split between mandatory and discretionary spending.

In the "program by activity" section of the program and financing schedule, obligations for subsidy costs, including subsidies for modifications of the terms and conditions of direct and guaranteed loans, as well as obligations for administrative expenses, will adhere to the following standard line number scheme:

00.01 Direct loan subsidy

00.02	Guaranteed loan subsidy
00.03	Subsidy for modifications of direct loan terms
00.04	Subsidy for modifications of guaranteed loan terms
00.05	Reestimates of the direct loan subsidy
00.06	Interest on reestimates of the direct loan subsidy
00.07	Reestimates of the guaranteed loan subsidy
00.08	Interest on reestimates of the guaranteed loan subsidy
00.09	Administrative expenses

In most cases, current definite budget authority is provided in appropriation acts for obligations for subsidy payments (except for entitlements which have permanent indefinite budget authority) and administrative expenses. The Federal Credit Reform Act provides permanent indefinite budget authority for reestimates.

The following MAX data are required for the program account. These requirements are summarized on the tables in sections 33.6(b) and (c):

- MAX schedule A and U (PY through BY+4);
- MAX schedule S and W (CY through BY+4); and
- MAX schedules C, P, O, and N (if necessary) (PY through BY).

Even if the Administration is proposing to terminate a program in the BY, data are required for all of the above MAX schedules in the program account.

(e) Financing accounts will record the cash flows associated with post-1991 direct loan obligations or guaranteed loan commitments. Separate accounts will be used for direct loan obligations and guaranteed loan commitments. These cash flows include loan disbursements, payments for guarantee claims, principal repayments, interest paid on borrowing, interest received from borrowers, interest

earned on uninvested funds, interest supplements, and fees and premiums received.

The direct loan financing accounts will be the financing mechanism for post-1991 direct loans and for modifications of pre-1992 and post-1991 direct loans.

Typically, the direct loan financing accounts will:

- make obligations equal to the face value of direct loans;
- make disbursements for direct loans;
- record offsetting collections equal to direct loan subsidy obligations and subsidy reestimate obligations in the program account;
- pay any negative subsidies and negative reestimates of the subsidy to special fund receipt accounts;
- receive modification adjustment transfers from the general fund, or make modification adjustment transfers to the general fund, in connection with modifications;
- receive repayments of principal and payments of interest;
- receive collections on defaulted direct loans;
- receive any prepayments or fees associated with disbursed direct loans;
- receive any proceeds from the sales of loans or collateral;
- record financing authority (authority to borrow, permanent, indefinite) to borrow from Treasury the part of direct loan disbursements not financed by subsidy;
- identify separately the portion of the obligated balances that represents undisbursed direct loan obligations and the portion that represents subsidies receivable from the program account by using separate lines, as follows:

Obligated balances, start of year:
72.10 Receivables from program account (-)
72.90 Unpaid obligations (+)

Obligated balances, end of year:
74.10 Receivables from program account (+)
74.90 Unpaid obligations (-)

--pay interest on borrowings from Treasury (generated automatically by MAX); and
--make adjusting payments to liquidating accounts for modifications to pre-1992 direct loans.

The following MAX data are required for each direct loan financing account. These requirements are summarized on the tables in sections 33.6(b) and (c):

--MAX schedule A and G (PY through BY+4);
--MAX schedule S and Y (CY through BY+4);
--MAX schedule F (PY-1 through BY); and
--MAX schedule P (PY through BY).

Even if the Administration is proposing to terminate a program in the BY, data are required for all of the above MAX schedules in the financing accounts.

Typically, the guaranteed loan financing accounts will be the reserve against defaults on post-1991 loan guarantees.

The guaranteed loan financing accounts will:

--pay default claims on post-1991 loan guarantees;
--pay interest supplements to lenders;

- receive fees or premiums collected on loan guarantee commitments or loan guarantee contracts, collections on defaulted guaranteed loans, and proceeds from sale of collateral;
- receive interest on uninvested funds (generated automatically by MAX);
- record offsetting collections equal to loan guarantee subsidy obligations and subsidy reestimate obligations in the program account;
- pay negative subsidies and negative reestimates of the subsidy to special fund receipt accounts;
- receive modification adjustment transfers from the general fund, or make modification adjustment transfers to the general fund, in connection with modifications;
- maintain reserves to cover payments for default claims and interest supplements on guaranteed loans;
- receive adjusting payments from liquidating accounts for modifications to pre-1992 loan guarantees;
- record financing authority (authority to borrow, permanent, indefinite) to borrow from the Treasury for any default claims which can not be financed by unobligated balances; and
- pay interest on borrowings from Treasury.

The following MAX data are required for each guaranteed loan financing account. These requirements are summarized on the tables in sections 33.6(b) and (c):

- MAX schedule A and H (PY through BY+4);
- MAX schedule S and Y (CY through BY+4);
- MAX schedule F (PY-1 through BY); and
- MAX schedule P (PY through BY).

Even if the Administration is proposing to terminate a program in

the BY, data are required for all of the above MAX schedules in the financing accounts.

(f) Liquidating accounts will record the cash flows associated with pre-1992 direct loan obligations or loan guarantee commitments.

The liquidating account program and financing schedule will reflect, as appropriate, data related to any pre-1992 direct loan obligations or loan guarantee commitments (except modified direct loans or loan guarantees, which are transferred to the financing accounts). For example, in the liquidating account program and financing schedule:

- there will be no post-1991 direct loan obligations or loan guarantee commitments;
- loan guarantee claim payments and interest supplements will be made only for pre-1992 guarantee commitments;
- no administrative expenses will be shown in the liquidating accounts--all administrative expenses related to pre-1992 obligations and commitments will be shown in the program account (except that administrative expenses will be shown in the liquidating accounts if no post-1991 obligations or commitments are made and if the terms and conditions of pre-1992 direct loans or loan guarantees are not modified);
- only loan disbursements, collections of interest, loan prepayments and repayments, proceeds from the sales of loans, credit transactions fees, and other revenues and expenses related to pre-1992 obligations and commitments will be reflected;
- unobligated balances will be used to redeem borrowings from the Treasury or the FFB;
- if no unobligated balances exist, permanent indefinite budget authority will be used to pay guarantee claims, interest supplements, and interest to Treasury, and to redeem Treasury

borrowings; and

--unobligated balances that are not needed for expenses or expected expenses or to redeem borrowings will be transferred to the general fund as a capital transfer.

The liquidating account status of direct and/or guaranteed loans will reflect disbursements and repayments of pre-1992 loans.

Therefore, in the liquidating account status of direct and/or guaranteed loans:

--there will be no post-1991 direct loan obligations or guaranteed loan commitments;

--direct and guaranteed loan disbursements will be shown only for pre-1992 direct loans or loan guarantees; and

--repayments and prepayments will reflect only pre-1992 direct loan obligations and loan guarantee commitments.

The following MAX data are required for each liquidating account. These requirements are summarized on the tables in sections 33.6(b) and (c):

--MAX schedule A and G and/or H (PY through BY+4) (note that liquidating accounts will be coded as mandatory spending);

--MAX schedules C, P, and O (PY through BY);

--MAX schedules E and F (PY-1 through BY); and

--MAX schedules S and Y (CY through BY+4).

(e) Negative subsidy accounts will record cash receipts of amounts paid from the financing account to these special fund receipt accounts when there is a negative subsidy or downward reestimate.

No print materials are required for receipt accounts. The following MAX schedules are required for each negative subsidy account:

--MAX schedule R (PY through BY+4); and

--MAX schedule K (CY through BY+4).

33.7. Direct loan data.

A schedule on the status of direct loans will be prepared for all liquidating accounts from which pre-1992 direct loans were obligated and for all direct loan financing accounts from which post-1991 direct loans are obligated. Applicable entries and line codes shown in the table below will be used.

The data will be submitted as part of MAX schedule G. Multi-year planning estimates will be submitted for all entries.

The 1100 data line series should be used only in direct loan financing accounts. These lines contain data on an agency's direct loan obligations as they relate to enacted or proposed limitations. Agencies should show separately the total amount of the limitations and the portion that is unobligated. Where the limitation is multi-year, the amount of unused limitation will be carried forward and shown on a separate line.

The 1200 data line series shows balances and changes in balances of direct loans outstanding and is applicable to both liquidating and direct loan financing accounts. These lines record the cumulative balance of direct loans disbursed less various kinds of repayments plus or minus other adjustments.

Repayments, prepayments, and proceeds from loan asset sales (without recourse) credited to appropriation or fund accounts must agree with amounts included for these transactions on line 88.40 (offsetting collections from non-Federal sources) of the program and financing schedule (see section 32.5).

The proceeds from discounted prepayment programs that were part of the loan asset sales program should be recorded along with the

proceeds from loan asset sales to the public (line 1253). The discount or the difference between the face value of the loan and the proceeds received from discounted prepayments should be recorded along with the discount on loan asset sales to the public (line 1262).

DATA REQUIREMENTS FOR MAX SCHEDULE G

Entry	Description
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These data should be provided for PY through BY+4 in the direct loan financing account. No data on loan limitations or loan obligations should be provided in liquidating accounts.

Position with respect to
appropriations act
limitation on obligations:

1111 Limitation on direct loans	Amount of limitation enacted or proposed to be enacted in appropriations acts. For discretionary programs, this amount is equal to line 1159 in MAX schedule U. So long as any entry appears on lines 1111 through 1131, this line should remain in MAX and will be listed in the stub column even if no amounts are shown.
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1112 Unobligated direct loan	Amount of limitation enacted in
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appropriations acts that is not obligated. Use in past and current years only, unless specifically approved by OMB.

Amount of multi-year limitation enacted
in appropriations acts that is not
obligated and is carried forward.

Amount of obligations for direct loans
to the public not subject to a specific
limitation in appropriations acts.

The sum of lines 1111 through 1131.

This is the direct loan portion of the credit budget. This amount should be consistent with direct loan obligations recorded in the program and financing schedule of the financing account.

1210 Outstanding, start of	Amount of direct loan principal
year	outstanding at the beginning of the
	year.

1231	Direct loan	Amounts of disbursements of principal
	disbursements	for direct loans. This does not include

amounts shown separately in line 1232.

In the liquidating account, this entry will include loans disbursed by the FFB.

1232	Purchase of loan	Amount of loans purchased or assets from the public repurchased by the account from non-Federal lenders.
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1233	Purchase of loan	Amount of direct loan assets
	assets from a liquidating	transferred from liquidating account to
	account	a financing account as a result of a
		loan modification.

Repayments:

1251	Repayments and prepayments (-)	Amount of principal repayments or prepayments. In the liquidating account, this entry will include repayments on loans disbursed by the FFB.
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1252	Proceeds from loan asset sales to the public or discounted prepayments without recourse (-)	Amount of gross proceeds received from the non-recourse sale of loans to non-Federal buyers or the discounted loan prepayments that were part of the loan asset sales program.
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1253	Proceeds from loan asset sales to the public	Amount of gross proceeds received from the sale of loans to non-Federal buyers
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with recourse (-)

when loans are sold with recourse to the Federal Government. The Federal Government's liability is scored as a new guaranteed loan commitment (line 2132). The amount of new budget authority resulting from the sale should equal the amounts on line 64.00 of the program and financing schedule.

Adjustments:

1261 Capitalized interest Amount of interest due at the end of
(+) the year that is capitalized as part of the existing loan principal.

1262 Discount on loan asset Difference between the face value of
sales to the public or the loan and the proceeds received by
discounted prepayments (-) the account from the sales of loans to non-Federal buyers or discounted loan prepayments that were part of the loan asset sales program.

Write-offs for default:

1263 Direct loans (-) Amount of direct loan principal reduced by write-offs for defaults. This line should only be used to indicate write-offs of loans that were initiated as direct loans. (Refer to the definitions for write-offs provided in OMB Circular No. A-129.)

1264 Other adjustments, Proceeds from the sale of collateral

net (+ or -) acquired from the foreclosure of direct
loans; amount of principal repayments
waived as provided by statute, in the
event of certain specified
contingencies; outstanding balances of
loans transferred to or received from
other accounts; amount of principal
reduced or increased for other reasons.
When this line is used, the nature of
the adjustment must be explained in a
footnote.

1290 Outstanding, end of year Amount of direct loan principal
outstanding at the end of the year. The
sum of lines 1210 through 1264.

33.8. Guaranteed loan data.

A schedule on the status of guaranteed loans will be prepared for all liquidating accounts from which pre-1992 loan guarantees were committed and for all guaranteed loan financing accounts from which post-1991 loan guarantees are committed. Applicable entries and line codes shown in the table below will be used. Amounts will be the full principal amounts of loans guaranteed, whether guaranteed in full or in part.

The data will be submitted as part of MAX schedule H. Multi-year planning estimates will be submitted for all entries.

The 2100 data line should be used only in guaranteed loan financing accounts. These lines collect data on an agency's guaranteed loan commitments as they relate to enacted or proposed limitations. Agencies should show separately the total amount of the limitation and the portion that is uncommitted. Where the limitation is multi-year, the amount of unused limitation will be carried forward and shown on a separate line. Agencies should not count agency guarantees of loans disbursed by the FFB as guaranteed loans; such loans should be treated as direct loans of the agency financed by the FFB.

The 2200 data line series shows changes in guaranteed loan balances outstanding and is applicable to both liquidating accounts and guaranteed loan financing accounts. It excludes all guarantees of FFB activity from cumulative balances of guaranteed loans; disaggregates into three categories the write-offs of guaranteed loans due to default; and incorporates other transactions in "other adjustments". Guaranteed loan balances show principal only, even if the agency guarantee covers both the principal and interest.

DATA REQUIREMENTS FOR MAX SCHEDULE H

Entry	Description
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<p>These data should be provided for PY through BY+4 in the guaranteed loan financing account. No data on loan limitations or guarantee</p>	<p>Position with respect to appropriations act limitation on commitments:</p>
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commitments should be provided
in liquidating accounts.

2111 Limitation on guaranteed Amount of limitation enacted or
loans made by private proposed to be enacted in
lenders appropriations acts on full principal
of commitments to guarantee loans by
private lenders. For discretionary
programs, this line is equal to line
2159 in MAX schedule U. So long as any
entry appears on lines 2111 through
2132, this line should remain in MAX
and will be listed in the stub column
even if no amounts are shown.

2112 Uncommitted loan Amount of limitation enacted in
guarantee limitation (-) appropriations acts on full principal
of commitments to guarantee loans by
private lenders that is not committed.
Use in past and current years only,
unless specifically approved by OMB.

2113 Uncommitted limitation Amount of multi-year limitation enacted
carried forward in appropriations acts that is not
(P.L. xx) committed and is carried forward.

2131 Guaranteed loan Amount of full principal of commitments
commitments exempt from to guarantee loans by private lenders
limitation that is not subject to limitation.

2132 Guaranteed loan Amount of full principal of guaranteed
commitments for loan asset loan commitments made as a result of

sales to the public with
recourse

selling direct loans to non-Federal
buyers with recourse to the Federal
Government.

2150	Total guaranteed loan commitments	The sum of lines 2111 through 2132. This is the guaranteed loan portion of the credit budget.
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Cumulative balance of
guaranteed loans outstanding:

2210	Outstanding, start of year	Amount of guaranteed loan principal outstanding at the beginning of the year.
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Disbursements:

2231	Disbursements of new guaranteed loans	Amount of guaranteed loan principal disbursed.
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2232	Guarantees of loans sold to the public with recourse	Face value amount of guaranteed loan principal associated with loans sold to non-Federal buyers with recourse to the Federal Government.
------	--	--

2251	Repayments and prepayments (-)	Amount of principal repayments and prepayments.
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Adjustments:

2261	Terminations for default that result in loans	Amount of loan principal reduced by terminations for default that
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receivable (-)	subsequently become a loans receivable in which the formerly guaranteed borrower is deemed to owe the agency for the amount of claims paid as a result of the borrower's default.
2262 Terminations for default that result in acquisition of property (-)	Amount of loan principal reduced by terminations for default that lead to the acquisition of property by the agency.
2263 Terminations for default that result in claim payments (-)	Amount of loan principal reduced by terminations for default that lead to claim payments by the agency that neither result in a direct loan nor the acquisition of property.
2264 Other adjustments, net (+ or -)	Amount of loan principal reduced or increased for reasons other than those covered by the lines listed above; outstanding principal balances of guaranteed loans transferred to or received from other accounts. When this line is used, the nature of the adjustment must be explained in a footnote.
2290 Outstanding, end of year	Amount of guaranteed loan principal outstanding at the end of the year. The sum of lines 2210 through 2264.

Memorandum:

2299	Guaranteed amount of guaranteed loans outstanding, end of year	Amount of maximum potential Federal liability for the guaranteed loan principal associated with line 2290. To the extent the guarantee covers both principal and interest, this amount must exclude interest. This entry is required even though the amount may be the same as in line 2290.
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Addendum:

Cumulative balance of defaulted guaranteed
loans that result in loans receivable:

2310	Outstanding, start of year	Amount of defaulted guaranteed loans that resulted in the acquisition of a loan receivable outstanding at the beginning of the year.
2331	Disbursements for guaranteed loan claims	Amount of disbursements for acquisition of defaulted loans that were previously guaranteed and result in loans receivable, where the borrower is deemed to owe the account for the disbursement. These disbursements include past due interest amounts that were paid under the terms of the loan guarantee, if such amounts were capitalized as part of the loan

	principal. (This entry will only be used in liquidating accounts and guaranteed loan financing accounts.)
2351 Repayments of loans receivable (-)	Proceeds received by the account from the settlement of claims on defaulted guaranteed loans that resulted in loans receivable to be applied to the reduction of the loans receivable outstanding. Exclude any premium realized. (This entry will only be used in liquidating accounts and guaranteed loan financing accounts.)
2361 Write-offs of loans receivable (-)	Amount of loans receivable that were initially guaranteed loans reduced by write-offs for default. This line should only be used to indicate write-offs of loans that were initiated as guaranteed loans but were subsequently acquired as loans receivable. (Refer to the definitions for write-offs provided in OMB Circular No. A-129.) (This entry will only be used in liquidating accounts and guaranteed loan financing accounts.)
2364 Other adjustments, net (+ or -)	Amount of loans receivable reduced or increased for reasons other than those covered by the lines listed above. When this line is used, the nature of the adjustment must be explained in a

| footnote.

2390 Outstanding, end of year Amount of defaulted guaranteed loans
that resulted in loans receivable
outstanding at the end of the year. The
sum of lines 2310 through 2364.

33.9. Program account data.

A summary schedule of loan levels, subsidy budget authority, and outlays by program will be prepared for each program account. Applicable entries and line codes shown in the table below will be used.

These data will be displayed by program. The titles of the lines can be tailored on the galleys to identify the program to which the loan level, subsidy rate, budget authority, outlays, and major subsidy assumptions belong.

In addition, budget authority and outlays for administrative expenses will be provided. Multi-year planning estimates will be submitted for all entries for all years as part of MAX schedule U. Baseline data will be submitted for the years indicated as part of MAX schedule W. Entries in boldface normally will be generated automatically.

DATA REQUIREMENTS FOR MAX SCHEDULES U AND W

Entry	Description

Direct loan levels supportable by subsidy budget authority:	
1150 Direct loan levels	<p>Equals the amount of direct loans that can be obligated with the amount of new subsidy budget authority requested or provided in that year. Do not report the unused portion of multi-year loan limitations that are carried forward. In the policy sections for the CY and PY, loan levels do not have to equal enacted loan limitations, as Congress may enact limitations that are not achievable with the subsidy budget authority provided. However, in the BY through BY+4, loan levels supportable by the subsidy requested should equal the direct loan limitation. Loan levels supportable by subsidy are required for baseline CY and BY, but not for BY+1 through BY+4. Direct loan limitations are reported in policy sections only: MAX schedule A, line 7007 in the program account and MAX schedule G, line 1111 in direct loan financing accounts. These data are required even if the subsidy rate is zero or negative.</p>

1159 Total direct loan levels The sum of all lines 1150.

Direct loan subsidy (in percent):

1320 Subsidy rate The 1320 data line series presents data in percentages on the subsidy costs inherent in making direct loans. In the PY column, the rate should be the reestimated subsidy (see 33.11(e)). In the CY column use the second quarter budget execution rate (see 33.11(b)). Note that the subsidy rate (in percent) must be rounded to the nearest hundredth of one percent and entered into MAX without decimal points. For example, 50.5 percent will be entered as 5050, 5.05 percent as 505, and 0.5 percent as 50. Amounts should be shown, even if zero or negative. Not required for baseline BY+1 through BY+4.

1329 Weighted average subsidy rate The weighted average sum of all lines 1320 above.

Direct loan subsidy:

1330 Subsidy budget authority The 1330 data line series presents data in dollars on the subsidy costs inherent in making direct loans. In the CY column, the amount will include reestimates of the subsidy. In the CY column, the amount will equal the

amount appropriated for subsidies. The
BY column will show the requested
subsidy amount and must agree with
amounts in appropriations language.
Report even if the subsidy is
negative. Required for baseline CY
through BY+4.

1339 Total subsidy budget authority The sum of all lines 1330 above.

Direct loan subsidy outlays:

1340 Subsidy outlays The 1340 data line series presents data
on the amount of subsidy disbursed. An
outlay will be recorded in the program
account at the time of disbursement of
the loan to the borrower. Both outlays
from new budget authority and outlays
from balances are reported on this
line. Report even if the subsidy is
negative. Required for baseline CY
through BY+4.

1349 Total subsidy outlays The sum of all lines 1340 above.

Guaranteed loan levels supportable by subsidy budget authority:

2150 Loan guarantee levels The amount of guaranteed loans that can
be committed with the amount of new
subsidy budget authority requested or

provided in that year. Do not report the unused portion of multi-year loan guarantee limitations that are carried forward. In the policy sections for the PY and CY, loan levels do not have to equal enacted loan guarantee limitations, as Congress may enact limitations that are not achievable with the subsidy budget authority provided. However, in the BY through BY+4, loan levels supportable by the subsidy should equal the guaranteed loan limitation but not for baseline BY+1 through BY+4. Guaranteed loan limitations are reported in policy sections only: MAX schedule A, line 7008 and MAX schedule H, line 2111 in guaranteed loan financing acccounts. These data are required even if the subsidy rate is zero or negative.

2159 Total loan guarantee levels The sum of all lines 2150.

Guaranteed loan subsidy (in percent):

2320 Subsidy rate The 2320 data line series presents data on the subsidy costs inherent in making guaranteed loans. In the PY, the rate should be the reestimated subsidy (see 33.11(e)). In the CY column use the

second quarter budget execution rate (see 33.11(b)). Note that the subsidy rate (in percent) must be rounded to the nearest hundredth of one percent and entered into MAX without decimal points. For example, 50.5 percent will be entered as 5050, 5.05 percent as 505, and 0.5 percent as 50. Amounts should be shown, even if zero or negative. Not required for baseline BY+1 through BY+4.

2329 Weighted average subsidy rate The weighted average sum of all lines 2320 above. Not required for baseline BY+1 through BY+4.

Guaranteed loan subsidy:

2330 Subsidy budget authority The 2330 data line series presents data in dollars on the subsidy costs inherent in making guaranteed loans. In the PY column, the amount will include last year's reestimates of the subsidy. In the CY column, the amount will equal the amount appropriated for subsidies. The BY column will show the requested subsidy amount and must agree with amounts in appropriations language. Report even if the subsidy is zero or negative. Required for baseline CY through BY+4.

2339 Total subsidy budget The sum of all lines 2330 above.

authority

Guaranteed loan subsidy outlays:

2340 Subsidy outlays	The 2340 data line series presents data on the amount of subsidy disbursed. An outlay will be recorded in the program account at the time the lender disburses the loan to the borrower. Both outlays from new budget authority and outlays from balances are reported on this line. Report even if the subsidy is negative. Required for baseline CY through BY+4.
2349 Total subsidy outlays	The sum of all lines 2340 above.

Administrative expense data:

3510 Budget authority	Budget authority provided or requested for administrative expenses for both direct and guaranteed loan programs.
3590 Outlays	Total outlays for administrative expenses.

33.10. Non-print credit data.

Non-print data will be furnished in MAX schedules G, H, and Y for

multi-year planning estimates and the baseline, as explained below.

(a) Data required only for liquidating accounts.

Data on agency debt to the FFB is reported in the 3300 data line series. This series of lines also includes start of year balances, new borrowing, repayments, and end of year balances.

Multi-year planning and baseline estimates will be submitted for the 3300 data line series in MAX schedules G and Y.

Prior to enactment of the Gramm-Rudman-Hollings Act, when the FFB was off-budget, it had three types of transactions. With the enactment of the Gramm-Rudman-Hollings law, the distinctions disappeared. Now, all are treated as means of financing to the agencies. In order to track old and new transactions, the lines should be coded with a two-digit suffix as follows, to indentify the transactions:

.01 FFB loan originations;
.02 Sale of loan assets to the FFB; and
.03 Sale of debt securities to the FFB.

(b) Data required only for financing accounts.

| Data on interest paid to Treasury and interest received from
| Treasury will be included in MAX schedule G (direct loan financing
| accounts, H (guaranteed loan financing accounts), and Y (baseline--all
| financing accounts).
| Net interest paid (line 6100). Over time, financing accounts will
| pay interest in some years and receive interest in others. Further, it

|is common for direct loan financing account to both earn and pay
|interest during every fiscal year. Interest payments should be
|reported on a net basis on line 6100 (interest paid, less interest
|received). When net interest payments are negative (interest receipts
|exceed interest payments), the net amount is a collection and should
|be shown as negative amounts. When net interest payments are positive
|(interest payments exceed interest receipts), the net amount is an
|outlay and should be shown as a positive amount.

| Interest received. For a fiscal year in which offsetting collections
|exceed gross disbursements, the financing disbursements, net, will be
|negative. In that year, such amounts will earn interest at a
|disbursement-weighted average rate based on the comparable maturities.
|They will continue to do so, year after year, until they are withdrawn
|in a year when gross disbursements exceed offsetting collections.

| Total earnings of a financing account in any fiscal year are based
|on the balances accumulated during the current year and all previous
|years. Each year's deposits will earn interest at that year's
|disbursement-weighted average rate.

| Interest paid. For a fiscal year in which gross disbursements exceed
|offsetting collections, the financing disbursements, net, will be
|positive. Disbursements in excess of collections require borrowing,
|and interest on these borrowing is paid at a disbursement-weighted
|average rate based on the comparable maturities. They will continue to
|do so until they are paid back in a year when offsetting collections
|exceed gross disbursements.

| Total interest payments of a financing account in any fiscal year
|are based on the balances owed from current year borrowings and
|previous year borrowings. Interest on each year's borrowings will be
|paid at that year's disbursement-weighted average rate.

| Spreadsheet for calculating interest projections. OMB makes a
| spreadsheet available to simplify the projection of interest payments
| and earnings. If you need a copy, please contact your OMB
| representative.

Agencies will also report data on comparable maturities for each
financing account. These data are needed to estimate total Federal
borrowing and interest on the public debt.

NON-PRINT DATA REQUIREMENTS FOR MAX SCHEDULES G, H, AND Y

Entry	Description
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LIQUIDATING ACCOUNTS ONLY

Agency debt held by the FFB:

3310	Outstanding agency debt, Amount of agency debt issues held by start of year	FFB at the beginning of the year.
3330	New agency borrowing	Amount of new borrowing from FFB.
3350	Repayments and prepayments (-)	Amount of repayments made to FFB.
3390	Outstanding agency debt, Amount of agency debt issues held by end of year	FFB at the end of the year. The sum of lines 3310, 3330, and 3350.

FINANCING ACCOUNTS ONLY

Net interest data:

6100	Interest payments to	The amount of interest expense paid
	(+) or received from	during the year on amounts borrowed
	(-) Treasury	from Treasury net of the amount of
		interest income received during the
		year on amounts on deposit at
		Treasury.
6200	Comparable maturity	The time between the first disbursement
	(in years)	and the estimated final year of the
		cohort. The final year of the cohort is
		the year when the last loan is fully
		repaid or written off and the books are
		cleared of any residual assets. For
		example, if a program makes loans that
		are repayable over a period of up to 12
		years, one additional year is allowed
		for because of delinquencies or
		foreclosed collateral, and loans are
		disbursed over a three year period, the
		comparable maturity is 15 years, not
		16.

33.11. Estimating the subsidy.

(a) General.--Subsidy estimates for both Presidential policy and the baseline are required for all budget accounts that have post-1991 direct loan obligations or loan guarantee commitments, or that modify pre-1992 direct loan or loan guarantee contracts. The subsidy

estimates must be made for each risk category.

The OMB model for estimating subsidies will be used for all estimates. The OMB model and users' guide provide an explanation and example of how the subsidy is calculated. These can be obtained from the OMB representative with primary budget responsibility for the credit account.

Direct loan and loan guarantee subsidy costs are defined in sections 33.5(g) and 33.5(j). The subsidy cost is the estimated long-term cost to the Government of direct loans or loan guarantees calculated on a net present value basis, excluding administrative costs. The discount rate used to calculate the present value is the average interest rate (yield) on marketable Treasury securities of similar maturity to the direct loan or guaranteed loan, as projected in the economic assumptions for the budget for the quarter in which the direct loan is estimated to be obligated or the loan guarantee to be committed. The rate from this period shall be used for discounting all cash inflows and cash outflows in this period and subsequent periods. The rate projected for the time of loan obligation or guarantee commitment will thus be straight-lined for subsequent disbursements. This rate shall also be used in estimating cash flows that are affected by the interest rate.

(b) Presidential policy subsidy estimates.--The steps in calculating the subsidy budget authority and outlays of direct loans and loan guarantees for a risk category (or program) for presidential policy estimates are as follows:

1. For all programs (discretionary and mandatory), separate subsidy estimates will be made for each year, CY through BY+4. The estimates for each year first require estimating the Government's cash flows resulting from the disbursement of the direct loans or

guaranteed loans obligated or committed in that year. These cash flows will then be discounted as described above. The resulting difference between the present value of the cash outflows and inflows is the total subsidy (i.e., the subsidy outlays) for the obligations or commitments made in that year.

2. To calculate the subsidy rate for a given year, the subsidy outlays for the obligations or commitments in that year are divided by the estimated direct loan disbursements or disbursements of guaranteed loans by private lenders for these obligations or commitments.
3. Subsidy budget authority for that year is then calculated by multiplying the subsidy rate times the direct loan obligations or loan guarantee commitments.
4. For programs with negative subsidies, the calculation will also be made separately for each year and should be based on an estimate of demand, constrained if necessary by the estimated limitations.

Subsidy outlays are then calculated as follows:

5. Subsidy outlays for each fiscal year reflect the estimated subsidies for the loans disbursed in that year, whether the loans or guarantees were obligated or committed in that year or in prior years.

(c) Baseline subsidy estimates. The steps in calculating the subsidy budget authority and outlays of direct loans and loan guarantees for a risk category (or program) for the baseline estimates are as follows:

- (1) For discretionary programs, separate subsidy rate estimates will be made for the CY through BY+4. The subsidy budget authority enacted for the CY (the base year) is inflated to calculate the subsidy budget authority for the BY through BY+4 using the

fixed-weight fiscal year GDP deflator (the annual adjustment factor for non-pay costs) from the most recent economic assumptions for the budget. (For the budget, the budget economic assumptions will be used.)

(2) For mandatory programs, the subsidy budget authority is estimated using the method in steps A through C below, for each fiscal year BY through BY+4, consistent with the baseline estimate of demand for loans in each program.

(A) The Government's cash flows resulting from disbursements of direct loans and guaranteed loans obligated or committed in the CY (the base year) are discounted as described above. The resulting difference between the present value of the cash outflows and inflows is the total subsidy (i.e., the subsidy outlays).

(B) To calculate the subsidy rate, the subsidy outlays are then divided by the estimated direct loan disbursements or disbursements of guaranteed loans by private lenders.

(C) Subsidy budget authority for mandatory programs for BY through BY+4 is then calculated by multiplying the subsidy rate by the direct loan obligations or loan guarantee commitments.

(3) For any programs with negative subsidies, the calculation for BY through BY+4 should be based on a baseline estimate of demand, constrained if necessary by the estimated limitation. The limitation should be estimated by inflating the CY enacted limitation using the fiscal year fixed-weight GDP deflator provided in the economic assumptions for the budget. The subsidy budget authority is estimated using steps A through C.

Subsidy outlays are then calculated as follows:

(4) Subsidy outlays for each fiscal year reflect the estimated

subsidies for the loans disbursed in that year, whether the loans or guarantees were obligated or committed in that year or in prior years.

(d) Modifications.--When a direct loan or loan guarantee is modified, directly or indirectly, the subsidy cost of the modification must be calculated. When a post-1991 direct loan or loan guarantee is modified, a modification adjustment transfer between the financing account and the general fund must also be calculated. The budgetary treatment of these two amounts is explained in section 33.12. The calculations are explained below.

The subsidy cost of the modification is the difference between the currently estimated net present value of the remaining cash flows under the terms of the previously existing direct loan or guaranteed loan contract contained in the most recent budget submitted to Congress and the currently estimated net present value of the cash flows under the terms of the modified contract. Specifically, the subsidy cost is calculated as follows:

- (1) Estimate the remaining cash flows expected just before the modification under the loan contract terms assumed in the most recent budget submitted to Congress. These estimates must assume the same deviations (defaults, delinquencies, etc.) from contract terms as assumed for the risk category in which the loan is classified.
- (2) Discount the cash flows estimated in step 1 by the interest rate (yield) on marketable Treasury securities that is applicable to the quarter when the modification occurs. These securities must have a comparable maturity to the remaining maturity (not the original maturity) of the loan that is being modified (but prior to any modification of the term of the loan).

- (3) Estimate the cash flows expected under the modified contract terms. For cash flows unaffected by the modified contract terms, these estimates must assume the same deviations (defaults, delinquencies, etc.) from contract terms as assumed for the risk category in which the loan is classified.
- (4) Discount the cash flows estimated in step 3 by the interest rate (yield) on marketable Treasury securities that is applicable to the quarter when the modification occurs. These securities must have a comparable maturity to the remaining maturity (not the original maturity) of the direct or guaranteed loan (after any modification of the term of the loan). (If a loan asset is sold, the amount in this step equals the net proceeds from the sale.)
- (5) Subtract the amount calculated in step 4 from the amount calculated in step 2 to produce the estimated subsidy cost resulting from the modification.

The results of this calculation will be positive, negative, or zero. A positive estimate would indicate that the Government will incur an additional subsidy cost because of the modification. A negative estimate would indicate that the Government is achieving some savings. A zero estimate would indicate that the modification will not change the subsidy cost.

The modification adjustment transfer is the difference between the present value of the estimated change in cash flows due to the modification, calculated using the discount rate applicable when the direct loan or loan guarantee was modified, and the present value of the estimated change in cash flows due to the modification, calculated using the discount rate applicable when the direct loan or guaranteed loan was disbursed. Specifically, it is calculated in the following steps:

- (6) Take the difference in cash flows due to the modification. This is the amount calculated in step 1 above minus the amount calculated in step 3 above.
- (7) Calculate the present value of this difference using the interest rate (yield) on marketable Treasury securities that is applicable to the quarter when the direct loan or guaranteed loan was disbursed. These securities must have a comparable maturity to the original maturity of the direct or guaranteed loan. This interest rate is the same interest rate that is used for the cohort of the original direct or guaranteed loan.
- (8) Compare the amounts calculated in steps 5 and 7, and subtract the smaller amount from the larger amount. This difference is the modification adjustment transfer.

(e) Reestimates.--

(1) General. Reestimates of subsidies are made on direct loans and loan guarantees which have been disbursed. Reestimates are calculated once a year for each risk category within a cohort as long as loans are outstanding. Subsidies will be recalculated separately for two different types of reestimates:

- the change in interest rate between the time of obligation (or commitment) and the time of disbursement (see (2) below); and
- changes in technical/default assumptions (see (3) below).

Reestimates are made at the beginning of each fiscal year, starting with the year following the initial disbursement of the loan. (For example, the subsidy for direct or guaranteed loans disbursed during FY 1994 can be reestimated beginning the first day of FY 1995--October 1, 1994.) The reestimate will be recorded in the current year column of the budget. (For example, the reestimate for loans disbursed in FY 1994, which is calculated at the beginning of FY 1995, will be

presented in the FY 1995 column of the 1996 Budget.) A closing reestimate will also be made once all the loans in the cohort have been repaid or written off.

| Annual reestimates that are both less than \$1 million and 5 percent
| or less of the pre-reestimate subsidy value currently recorded in that
| cohort may be omitted from the current year column of the budget. In
| the subsequent budget, the reestimate for that cohort will cover
| cumulatively the entire period since the previous published
| reestimate. Reestimates must be recorded in the current year column of
| the budget for all cohorts that fail to meet this criteria.

The budgetary treatment of reestimates is explained in section 33.5(s), with some amplifying explanations made below. Agencies should notify their OMB representative when special fund receipt and expenditure accounts need to be established. There will be no netting between cohorts of upward and downward reestimates (see section 33.5(s) paragraph 2).

Additional information on the reestimates by risk category and cohort can be found in the user guide accompanying the OMB subsidy model. Guidance can be obtained from the OMB representative with primary responsibility for the account.

(2) An interest rate reestimate will compare the original subsidy estimate (calculated using the interest rate applicable to the time of obligation or commitment) with the subsidy estimate using the interest rate applicable to the time of disbursement, but otherwise using identical assumptions. If a loan disburses over more than one year, and in the first year reestimates are made for both interest and technical/defaults, the interest rate reestimate for the following year disbursements would nevertheless be calculated in comparison to the original estimate (that is, the estimate before the first year's

reestimate for technical factors other than interest).

The purpose of the interest rate reestimate is to adjust the subsidy estimate for the difference between the interest rate at the time of disbursement (which is the conceptually correct rate and is required by law) and the rate at the time of obligation (which is used for practical reasons). This type of reestimate is therefore made only once for each cohort. In order to calculate the size of this effect, all other assumptions must be held constant. In cases of loans with variable interest rates, this adjustment is made to cash flows as well as the discount rate. The actual reestimate will be made and compared to the original subsidy estimate by risk category.

Procedure for calculating the interest rate reestimate:

- a. Start with the original cash flows used to estimate the subsidy at obligation (on a risk category basis).
- b. Reestimate the subsidy percent for each risk category based on the interest rate applicable to the time of disbursement. This rate will be the interest rate applicable to that quarter, which is the average for the last five business days of the previous quarter. (These rates are available from the Department of Commerce's Economic Bulletin Board.)

For a fixed interest rate program, use the original cash flows and adjust the interest rate assumptions for discounting. For a variable interest rate program, adjust the original cash flows (to reflect the actual interest rate at disbursement) as well as the interest rate to discount cash flows.

- c. Compare the new subsidy percent to the subsidy percent estimated at the time of obligation, and calculate the difference in percentage points.
- d. Apply the difference in percentage points to the actual level of

loans disbursed in that risk category. This amount is the "interest reestimate".

The interest rate reestimate will be included in the program and financing schedule line "Reestimates of direct loan subsidy," or "Reestimates of loan guarantee subsidy," in the program account of the credit program (if the reestimate is positive) or in the financing account of the credit program (if the reestimate is negative).

(3) Technical/default reestimates will be made for changes in the technical/default assumptions other than the interest rate that was used to calculate the subsidy. This type of reestimate will compare the subsidy estimate that already includes the reestimate for the actual interest rate with a reestimated subsidy using updated technical information (for defaults, fees, recoveries, etc.).

The purpose of the technical/default reestimate is to adjust the subsidy estimate for differences between the original amount and timing of expected cash flows (as estimated at obligation) and the amount and timing that are expected based on actual experience, new forecasts about future economic conditions, and improvements in the methods used to estimate future cash flows. Because actual cash flows are experienced every year and the ability to forecast future years also changes, this reestimate must be done after the end of every fiscal year as long as any loans are outstanding.

Procedure for calculating the reestimate for changes in technical/default assumptions:

- a. For the first technical/default reestimate, start with the original cash flows used to estimate the subsidy at obligation (for each risk category), adjusted only for reestimates of interest rates in the case of variable interest rate programs (see above). For subsequent technical/default reestimates, start with

the revised cash flows from the most recent reestimate.

- b. Reestimate the subsidy percent for each risk category based on actual cash flows to the date of reestimate and updated expectations of delinquencies, defaults, fees, recoveries, and other technical conditions. The present value amounts will be estimated by cohort and will be calculated as of the time the direct or guaranteed loan was disbursed.
- c. Compare the new subsidy percent to the most recent subsidy percent estimated after the interest rate reestimate and prior technical/default reestimates, and calculate the difference in percentage points.
- d. Apply the difference in percentage points to the actual level of loans disbursed in that risk category. This amount is the net technical/default reestimate.

The technical/default reestimate will be included as an obligation in the program and financing schedule line entitled "Reestimates of direct loan subsidy," or "Reestimates of loan guarantee subsidy," in the program account of the credit program (if the reestimate is positive) or in the financing account of the credit program (if the reestimate is negative).

(4) Interest on reestimates. Calculate the interest that would have been earned by each cohort on the amount of the reestimates. This interest is that which would have been earned from the time of disbursement to the time when an amount equal to the reestimate is paid.

For interest rate reestimates, this estimate will be made by multiplying the interest reestimate by a factor which corresponds to both the interest rate at disbursement, and the amount of time which has passed since disbursement.

For technical/default reestimates, this estimate will be made by multiplying the technical/default reestimate by a factor which corresponds to both the interest rate at disbursement, and the amount of time which has passed since disbursement.

These amounts will be included as an obligation in the program and financing schedule on the line entitled "Interest on reestimates of direct loan subsidy," or "Interest on reestimates of loan guarantee subsidy." If the reestimate is upward, these amounts will be in the program and financing schedule of the program account of the credit program. If the reestimate is downward, these amounts will be in the program and financing schedule of the financing account of the credit program.

(5) Closing reestimates. Agencies will make a closing technical/default reestimate once all of the loans in a cohort have been either repaid or written off. This reestimate will be based on actual accounting systems data and is to close the accounting books for the cohort. All the procedures are applied that are described above for the technical/default reestimate, and interest on reestimates. Closing entries will be made in the accounting records.

The increases or decreases in subsidy cost for different risk categories within the same cohort will be netted against each other; that is, risk categories which require increased subsidies may first draw on the excess from any risk categories within the cohort where the reestimate shows a subsidy decrease. No such netting may occur between cohorts.

33.12. Budgetary treatment of modifications.

Modifications are defined in section 33.5(o), and the calculations

of the subsidy cost and modification adjustment transfer are explained in section 33.11(d). The subsidy cost calculation will indicate whether the modification results in no change in cost, an increase in cost, or a savings. If there will be no change in the cost, there will be no budgetary effect and nothing needs to be recorded in the budget. If the modification will result in an increase in cost or a savings, the budgetary effect must be recorded as described under Modification cost/savings below. The transactions described under that subsection will be required for all modifications, both to pre-1992 and to post-1991 direct loans and loan guarantees. Additionally, transfers to or from the financing account will be required when modifications are made. The requirements for pre-1992 and post-1991 direct loans and loan guarantees differ and are described in separate subsections below.

Modification cost/savings.--The following requirements pertain to the modification of any direct loan (or direct loan obligation) or loan guarantee (or loan guarantee commitment) that results in an increase in cost or a savings:

Increase in cost.--At the time that a modification is made, an obligation in the amount of the estimated increase in subsidy cost must be recorded against budget authority in the credit program account. Modifications may be made only to the extent that appropriated budget authority is available in the credit program account to cover the obligation resulting from the modification. At the same time as the obligation is recorded, an outlay in the amount of the increase in the subsidy cost will be made from the program account to the financing account for direct loans or loan guarantees, as appropriate. At the same time that an outlay is made from the program account, an offsetting collection will be recorded in the

financing account (line 88.00).

In the case of direct loans, the offsetting collections from the program account will be credited to the cohort and risk category of the original direct loan, and will be used, together with repayments from borrowers, to pay interest and repay principal on borrowing from Treasury and for other expenses.

In the case of loan guarantees, the offsetting collections from the program account will be credited to the cohort and risk category of the original guaranteed loan, and will be retained as unobligated balances, together with the unobligated balances of the original subsidy payment and fees, until needed to pay default claims and other expenses. The additional balances due to the modification will earn interest at the same rate as is paid on other funds held by the financing account for the same cohort as the original loan guarantee.

Savings.--At the time that a modification is made, an obligation in the amount of the estimated decrease in subsidy cost must be recorded in the financing account. In the case of a direct loan modification, the obligation will be recorded against authority to borrow from the Treasury. In the case of a loan guarantee, the obligation will be recorded against unobligated balances, or, if unobligated balances are insufficient, against authority to borrow. At the same time as the obligation is recorded, a financing disbursement in the amount of the decrease in the subsidy cost will be made from the financing account to a special fund receipt account established for each credit program. The budgetary treatment of these receipts will be the same as that described for receipts resulting from reestimates that indicate a net decrease in subsidy costs (see section 33.5(s)).

Financing account transfers for modifications of pre-1992 direct loans and loan guarantees.--These are direct loans and loan guarantees

currently held in liquidating accounts. The requirements for direct and indirect modifications differ and are described in separate subsections below. (The difference between a direct and indirect modification is described in section 33.5(o).)

Direct modifications.--The existing direct loan asset or loan guarantee liability will be transferred from the liquidating account to the financing account, and a one-time adjusting payment will be made between the liquidating and financing accounts. The amount of the adjusting payment will be the currently estimated net present value of the Government's remaining cash flows under the terms of the previously existing contract (based on the interest rate applicable to the quarter when the modification occurs). This amount is the result of the first two steps in estimating the subsidy cost of the modification, described in section 33.11(d).

All pre-1992 modifications for a given program will be accounted for in a single direct loan cohort or a single loan guarantee cohort.

In the case of a direct loan modification, where an asset is transferred from the liquidating account to the financing account, the adjusting payment will be made from the financing account to the liquidating account. An obligation and a disbursement will be recorded in the financing account in the amount of the payment when it is made; a corresponding offsetting collection will be recorded in the liquidating account. All the offsetting collections received by the financing account from the program account for the subsidy cost of the modification will be used for the adjusting payment. The balance of the adjusting payment will be borrowed from Treasury at the same interest rate that is used to calculate the present value of cash flows under the modified contract. Offsetting collections from the direct loan assets over their remaining life will be credited to the

financing account and used to pay interest on borrowing from Treasury and to repay the principal on such borrowing. In the liquidating account, the adjusting payment will be recorded as an offsetting collection and used to repay borrowing from Treasury or transferred to the general fund as a capital transfer.

In the case of a loan guarantee modification, where a liability is transferred from the liquidating account to the financing account, the adjusting payment will be made from the liquidating account to the financing account. Any unobligated balances of the liquidating account will be used to make the adjusting payment. If unobligated balances are insufficient, the permanent indefinite appropriation to the liquidating account will be used to pay the balance of the adjusting payment. An outlay will be recorded in the liquidating account in the amount of the payment when it is made. In the financing account, the payment will be received as an offsetting collection. The payment of the subsidy from the program account to the financing account will also be received as an offsetting collection. The offsetting collections (both the adjusting payment and the subsidy) will be retained in the balances of the financing account until needed to pay default claims and other expenses. The balances will constitute a cohort, earning interest at the same rate that is used to calculate the present value of cash flows under the modified contract.

Indirect modifications.--Because indirect modifications usually affect many loans, a simplified treatment is used. The existing direct loan assets or loan guarantee liabilities will not be transferred from the liquidating account to the financing account. Instead, for modifications that increase the cost of direct loans or loan guarantees, a schedule of payments from the financing account to the liquidating account will be developed that approximates the annual

losses or increased expenses of the liquidating account. For modifications that result in savings, a schedule of payments from the liquidating account to the financing account will be developed that approximates the annual increased collections or reduced expenses of the liquidating account. In the financing account, a single cohort will be used for all of these kinds of modifications, and one combined net payment will be made annually to or from the liquidating account.

|The balances in the financing account cohort will earn interest.

Financing account transfers for modifications of post-1991 direct loans and loan guarantees.--When a post-1991 direct loan or loan guarantee is modified, a modification adjustment transfer must be made between the financing account and the general fund. The purpose of the transfer is to resolve the disconnect between the interest rate used to calculate the cost of the modification and the interest rate at which the cohort borrows or earns interest. The discount rate used to calculate the present value of the modification is the interest rate applicable to the quarter when the loan or guarantee is modified. On the other hand, the interest rate earned on uninvested funds or paid on debt to Treasury is the rate applicable to the quarter when the direct loan or guaranteed loan was disbursed. Therefore, if the subsidy cost were the only transfer made between the financing account and the general fund, the resources of the financing account would be out of balance. Either it would not have enough resources to pay its claims to the public or repay its debt to the Treasury, or else it would have more resources than it needed.

This imbalance is eliminated by a modification adjustment transfer between the financing account and the general fund. The transfer is not an outlay or an offsetting collection, because it does not represent a cost of the loan or the guarantee to the Government. It

is, instead, a facilitating adjustment that makes the present value of the assets and liabilities held by the financing account come out even.

The effects of the modification adjustment transfer on the program and financing schedule of a financing account are summarized below. They distinguish between a loan guarantee and a direct loan; and they distinguish between whether the present value of the modified cash flow is higher using the current interest rate (i.e., the interest rate applicable to the quarter when the loan or guarantee is modified) or using the original interest rate (i.e., the interest rate applicable to the quarter when the direct or guaranteed loan was disbursed). Depending on which present value is higher, the transfer is made from the general fund to the financing account or from the financing account to the general fund.

If the cost of the modification is more when calculated at the current interest rate than at the original interest rate (which would often be the case if the current interest rate is lower than the original interest rate), the financing account makes a modification adjustment transfer to the general fund. This transfer is recorded on line 68.27, "Capital transfer to general fund." The transfer produces accompanying transactions with Treasury.

--If a loan guarantee is modified, the offsetting collection for the modification cost increases the unobligated balance (line 24.90).

The capital transfer to the general fund reduces the amount by which the unobligated balance is increased. (The amount of the increase shown on line 24.90 is net of the capital transfer).

Since this balance is held as uninvested funds, subsequent interest on uninvested funds is lower as a result of the capital transfer.

--If a direct loan is modified, the offsetting collection for the modification cost is used to reduce debt to Treasury (line 68.47, Portion applied to debt reduction). The capital transfer reduces the amount by which the debt is reduced. (The amount of the increase shown on line 68.47 is net of the capital transfer). Subsequent interest paid to Treasury is higher as a result of the capital transfer. There will be one receipt account to collect the modification adjustment transfers from all financing accounts.

--The general fund will collect the modification adjustment transfer in a non-budgetary capital transfer receipt account.

If the cost of the modification is less when calculated at the current interest rate than at the original interest rate (which would often be the case if the current interest rate is higher than the original interest rate), the financing account receives a modification adjustment transfer from the general fund. The modification adjustment transfer to a financing account is a permanent indefinite appropriation. It will be recorded on line 60.05, "Appropriation (indefinite)." This transfer produces accompanying transactions with Treasury.

--If a loan guarantee is modified, the offsetting collection for the modification cost increases the unobligated balance, specifically, line 24.90 ("Unobligated balance available, end of year: fund balance"). The modification adjustment transfer also increases the unobligated balance, specifically, line 24.40 ("Unobligated balance available, end of year: appropriation"). (Different lines are used to record the additions to unobligated balances from offsetting collections and appropriations.) Since the unobligated balance is held as uninvested funds, subsequent interest on uninvested funds is higher as a result of the modification

adjustment transfer.

--If a direct loan is modified, the offsetting collection for the modification cost is used to reduce debt to Treasury, as recorded on line 68.47, "Portion applied to debt reduction." The modification adjustment transfer is also used to reduce debt to Treasury, as recorded on line 60.47, "Portion [of permanent indefinite appropriation] applied to debt reduction." (Different lines are used to record the effects of the financing account receiving offsetting collections and appropriations.) Subsequent interest paid to Treasury is lower as a result of the modification adjustment transfer.

Narrative Statements on Program and Performance

34.1. Purpose and content of narrative statements.

| Narrative statements describe the performance goals, outputs, and
| outcomes related to an account. The statements should discuss how the
| budget year request supports these performance goals, outputs, and
| outcomes while addressing significant increases or decreases in
| performance or financing from the current to the budget year,
| including the termination of a program in the budget year.

Each account requires a narrative statement if there is ongoing activity in the current or budget year. Supplemental requests, rescission proposals, and items proposed for later transmittal also require separate narrative statements for each presentation.

| Performance indicators and performance goals.--The statements
| should discuss both the short-range and the long-range performance

|goals of the program, and include data on significant performance
|indicators where appropriate. The statements could, for example,
|include performance indicators contained in the agency's annual
|financial statements or other appropriate indicators.

| Generally, performance indicators which focus on outputs or outcomes
|should be used instead of workload and other process measures.
|Outputs should reflect the products and services which are provided by
|the account and delivered or used outside of the account. Outcomes
|should reflect the results related to the account. If the agency has
|not developed output or outcome focused performance measures, other
|measures may be used. Tables may be used to illustrate and compare
these indicators for the past, current, and anticipated budget year
levels.

Collections and fees.--When collections and fees credited to the
account finance a sizeable proportion or dollar level of the
obligations, the discussions should address the nature of the
reimbursable work performed. The discussions may also provide
information on other amounts collected by the program and deposited
into the general fund of the Treasury when pertinent to the operations
of the program.

Exemptions.--Unless otherwise requested by OMB, narrative statements
are not required for (a) accounts in which there are only obligated
balances for all years (e.g., consolidated schedules for expired
accounts); or (b) accounts in which there are no unobligated balances
in any year, no obligations or outlays are estimated in the current
and budget years, and no further appropriations will be requested.
However, a brief narrative may be desirable to explain the
discontinuation of an account.

34.2. Style and form of narrative statements.

Narrative statements for accounts presented in the previous year's budget will be forwarded on reprinted galleys to the agencies for editing. Narrative statements for accounts not included in the reprinted galleys (e.g., new accounts or supplemental requests) will be prepared as new print materials. More detailed instructions on reprinted galleys and new print materials are provided in section 30.

The narrative statements should be written in a concise, factual manner. The statements should be oriented toward the policies and objectives for the budget year. The history, authorizing statutes, and other legal references should not be discussed except as indicated below. However, it is appropriate to discuss significant legislation enacted since the previous budget, as well as legislative initiatives proposed in the budget. Comparative quantitative tables on both significant program, performance, and dollar data should be included.

Narrative statements may use the separate activities or subactivities listed in the program and financing schedule as the basis for the discussion. The items will be identified in side headings by the title used in the program by activities section of the program and financing schedule.

34.3. Narrative statements for major programs financed by multiple budget accounts.

Where the total financing needed to conduct a major program is not contained within a single budget account, the narrative statement of the account that finances the major portion of the program activity

| (i.e., the "primary" account) may include a table in the format of
| exhibit 34 that shows the total costs and sources of funding for the
| program. The table will list the primary account and any other
| accounts (i.e., "supplementing" accounts) that support the activity
| performed by the primary account.

| For these purposes, major programs are those that obtain goods and
| services of \$50 million or more, in budget authority or outlays for
| the budget year, on a non-reimbursable basis from another account.

| Support provided by supplementing accounts includes the
| non-reimbursed cost of central support services that are directly
| attributable to implementation of the program, but not charged against
| the primary account. For example, in the case of a grant program, the
| budget account funding the grant would be the primary account, while a
| separate salaries and expenses account used for compensation of agency
| personnel responsible for implementing the program (e.g., disbursing
| and monitoring the grants) would be the supplementing account.

| The table will display the budget authority, outlays, and FTE
| resources for the primary account and for each of the supplementing
| accounts. Program totals will also be provided. Agencies should
| consult with their OMB representative on the designation of major
| programs and the form and content of the information presented in the
| narrative table.

34.4. Narrative statements for revolving funds.

The narrative statement for a revolving fund will describe the
enterprise's present and proposed program. The narrative will begin
with a brief introduction that includes the present authorized
purposes and any major changes made during the past year, in the

current year, or proposed for the budget year. Following this brief introduction, these side headings will be used for each of the major topics to be covered.

Budget program.--This section will discuss the budget programs of each major activity shown in the program and financing schedule.

Financing.--Significant amounts relating to financing should be explained in this section, if necessary. Total authority to borrow, as well as amounts actually borrowed or repaid, should also be discussed here.

Operating results.--This section will discuss any significant information relating to revenue, expense, and net income or loss. It will explain the steps being taken to dispose of any deficits and the planned disposition of net earnings. The narrative will include an analysis of retained income on a cumulative basis, disclosing any budget authority amounts used to offset deficits for non-revenue producing outlays since the inception of the fund.

For each fund covered by section 102 of the Government Corporation Control Act, a specific recommendation will be made on the application of the retained earnings or restoration of capital impairment at the end of the past year. The recommendation should indicate: (a) the amount of retained income to be returned to the Treasury and the use to be made of the remainder, if any; and (b) whether restoration of any capital impairment is required and whether this should be done by appropriations or other means.

34.5. Narrative statements for Federal credit programs.

Narrative statements will cover direct loan and loan guarantee activities, addressing any significant change in the program

objectives of the credit activities. In addition, agencies should address significant factors in developing subsidy estimates, such as default rates and interest rates charged to borrowers. Also, where relevant, agencies should provide information about how risk categories (see section 33.5(1)) are defined. The discussion for loan guarantee programs also will indicate whether the full amount of the loan is guaranteed or, in other cases, the percentage of the loan covered by the guarantee.

In addition, the following paragraphs should be used, modified as necessary to describe each program.

For liquidating accounts:

As required by the Federal Credit Reform Act of 1990, this account records, for this program, all cash flows to and from the Government resulting from [direct loans obligated] [and] [loan guarantees committed] prior to 1992. All new activity in this program (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year) is recorded in corresponding program accounts and financing accounts.

For program accounts:

As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the [direct loans obligated] [and] [loan guarantees committed] in 1992 and beyond (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any

year), as well as administrative expenses of this program. The subsidy amounts are estimated on a present value basis; the administrative expenses are estimated on a cash basis.

For direct loan financing accounts:

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and beyond (including modifications of direct loans that resulted from obligations in any year). The amounts in this account are a means of financing and are not included in the budget totals.

For guaranteed loan financing accounts:

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loan guarantees committed in 1992 and beyond (including modifications of loan guarantees that resulted from commitments in any year). The amounts in this account are a means of financing and are not included in the budget totals.

34.6. Narrative statements in special cases.

The narrative statement should be tailored to explain any special circumstances affecting the method of financing the program.

Permanent budget authority.--The narrative statement will indicate the legal basis for the authority (since no appropriations language is presented for such items). In addition, for permanently appropriated

special and trust fund accounts, the statement should indicate the source of money and the purposes of and restrictions on its use.

Agency investments and debt.--For accounts that issue debt instruments (other than to Treasury) or invest in agency debt securities, the narrative statement will indicate the par value of outstanding debt securities issued by the account and the par value of securities owned that were issued by Federal agencies (other than Treasury) for PY-1 through BY, unless the information is provided in a statement of financial condition.

Limitations on borrowing or debt.--The narrative statement for accounts with a statutory limit on the amount of borrowing or on the amount of debt that can be outstanding at any one time will state the amount of the limit and will discuss the position of the fund with respect to the limit during the budget year. The discussion will include a forecast of how close to the limit the fund will approach during the year and how often.

Object Classification (MAX Schedule O)

35.1. Purpose.

Object classification is used to report obligations for PY-BY for each account according to the nature of the services or articles procured. Object class information is required for program and financing schedules, including schedules for supplemental requests, rescission proposals, and legislative proposals. This information is required for all accounts, except for credit financing accounts.

Obligations are classified by the initial purpose for which they are

incurred, rather than for the end product or service provided. For example, if an agency pays directly for personal services or supplies used in the construction of a building, the amounts should be classified as obligations for personnel compensation or supplies rather than for land and structures. Conversely, if an agency contracts for the construction of a building, the amounts should be classified in the object class for lands and structures rather than in the object class used to report individual types of materials and services required to construct the building.

35.2. General rules.

The following general rules should be used to report data in object class schedules. These schedules must have adequate accounting support.

Reimbursable obligations are reported by object class separately from obligations for the direct program. Reimbursements (including advances) paid from one account to another generally are reported by the paying account as a lump sum under the object class that represents the nature of the intragovernmental transaction. Obligations are reported in the receiving (performing) account as they are incurred, under the appropriate object class from the standpoint of the services or articles actually procured.

Allocations.--For accounts that have allocations to other organizational units, obligations incurred under the allocation are included in the object class schedule of the parent account but are identified separately (see section 35.4(b)).

Limitations on administrative and nonadministrative expenses.--For revolving or trust funds that have annual limitations on

administrative or other expenses, separate object class schedules are required for total transactions of the fund and for each limitation for which there is a separate program and financing schedule.

Agreement with program and financing schedules.--Total obligations in object class schedules on line 99.9 must agree with obligations reported in program and financing schedules on line 10.00. Total reimbursable obligations in object class schedules must also agree with the total reimbursable program identified in program and financing schedules (see section 32.2).

Transfers between Federal and trust funds.--When transfers between Federal and trust funds finance reimbursable activities (formerly reported in object class 25.2), the paying account will report obligations in object class 25.3, and the receiving (performing) account will distribute the obligations incurred in performing the work as reimbursable obligations under the appropriate object class. When such transfers merely move resources between Federal and trust funds with no benefit to the paying agency, that agency should report the obligations in object class 92.0 and the receiving agency should distribute the obligations as direct obligations in the appropriate object classes.

| 35.3. Personnel compensation.

|

| For the purposes of reporting personnel compensation, the definitions described below apply.

| Compensation for full-time permanent employment is regular pay paid directly to full-time permanent employees and other payments that become part of the employee's basic rate of pay. Full-time permanent employees are defined as those who are full-time, have permanent

|appointments as defined by the Office of Personnel Management, and are
|reportable to the Office of Personnel Management as Federal employees.
|The nature of the employee's appointment is controlling, not the
|nature of the position.

| Full-time permanent employees include:

| --full-time employees in the Competitive Service with career and
| career-conditional appointments;
| --full-time permanent employees in the Excepted Service whose
| appointments carry no restriction or condition (including
| employees in the Excepted Service who are serving trial periods or
| whose tenure is equivalent to career-conditional tenure in the
| Competitive Service, and excluding those serving on indefinite
| appointments and appointments limited to a specific time); and
| --full-time employees in the Senior Executive Service (SES) with
| career appointments as defined in 5 U.S.C. 3132(a)(4) and
| noncareer appointments as defined in 5 U.S.C. 3132(a)(7).

| Compensation for part-time employment is regular pay for employees
|with appointments that require work on a prearranged schedule of fewer
|hours or days of work than prescribed for full-time employees in the
|same group or class.

| Compensation for temporary employment is regular pay for full-time
|employment for a limited period of time that is generally less than a
|year, for example, seasonal employment of employees without permanent
|appointments. It also includes regular pay for employees with term
|appointments and pay for employees whose tenure is without a specific
|time limitation, but not actually or potentially permanent, i.e.,
|indefinite appointments.

| Compensation for intermittent employment is regular pay for
|consultants and other employees with appointments that require work on

|an irregular or occasional basis, with hours or days of work not based
|on a prearranged schedule. Compensation is paid only for the time
|actually employed or services actually rendered.

| Overtime is pay above the basic rate for services in excess of the
|established work period, usually a 40-hour week or an 8-hour day.

|Overtime hours are defined in 5 U.S.C. 5542 and include
|administratively uncontrollable overtime.

| Supervisory differential is pay above the basic rate to adjust the
|compensation of a supervisor to a level greater than the highest-paid
|subordinate. The differential applies to a General Schedule employee
|who supervises one or more employees not covered by the General
|Schedule and is not a part of basic pay.

| Holiday pay is pay above the basic rate for services of 8 hours or
|less on holidays or days treated as holidays. Holiday hours are
|defined in 5 U.S.C. 5546(b).

| Sunday pay is pay above the basic rate for 8 hours or less of
|regularly scheduled work performed on Sundays.

| Nightwork differential is pay above the basic rate for regularly
|scheduled nightwork.

| Hazardous duty pay is pay above the basic rate because of
|assignments involving performance of duties that subject the employee
|to hazards or physical hardship.

35.4. Reporting requirements and format.

(a) Computer requirements for reporting object class amounts.--All
object class amounts reported for the budget are entered into the MAX
schedule O (see section 20.1). In most cases, agencies are responsible
for entering the data directly into the MAX. In all other cases,

agencies will provide marked-up computer runs.

Data are reported on four-digit line numbers; the first digit distinguishes between direct, reimbursable, and other types of object class categories listed below.

Line	
Number	Category

1xxx	Direct
2xxx	Reimbursable
3xxx	Allocation account--direct
4xxx	Allocation account--reimbursable
5xxx	Revolving fund
6xxx	Limitation account--direct
7xxx	Limitation account--reimbursable
8xxx	Limitation account--allocation
9xxx	Total obligations

The last three digits identify the object classes in which data are classified (see section 35.5).

(b) Printing requirements and format for object class schedules.--General requirements for processing of print materials for object class data are included in section 30.1. In most cases, a separate printed object class schedule is required (see exhibits 35A and 35B). However, when all transactions fall in a single object class

and are reported on a single line number, a separate printed object class schedule is not required. The appropriate object class will be identified in parentheses at the end of the stub entry for line 10.00 of the program and financing schedule, e.g., "(object class 41.0)". (Note: Even though object class data are printed as a stub entry to the program and financing schedule, the data must be entered in MAX schedule O.)

Object class codes in printed schedules.--In the printed object class schedules, object classes will be identified by the last three digits of the four-digit line number. For example, line number 1111 will print as "11.1 Full-time permanent" under the "Personnel compensation" heading. Section 35.5 identifies the last three digits of the line number and provides definitions for the object classes.

Standard titles and the use of subcategories.--Standard titles, as listed in section 35.5, should be used to identify object class amounts.

If it is necessary to show a subcategory within any object class, subentries may be used. The subentries will appear in the schedule under a heading using the standard title for the object class to which they belong. Amounts for each subentry should be reported on the line number for the appropriate object class category (see section 35.4(a) above).

Reimbursable programs.--When services are financed in an account from reimbursements, the object class data are entered into MAX using the line 2xxx, as stated in section 35.4(a) above. The subtotal for all reimbursable object class entries will be automatically calculated on line 2990. A subtotal is required even if reimbursable obligations are reported only in one object class. The detailed object class information is required for the data base only and will not be

printed. A single entry for the subtotal will be printed, titled "Reimbursable obligations."

Reimbursable obligations within an allocation, revolving, or limitation account are reported on different line numbers (see section 35.4(a)).

Allocation accounts.--In the case of accounts that have allocations, the object class schedule will be divided into two sections. The parent agency or bureau will be shown first; the allocation will be shown second. The parent agency or bureau will be identified in a center heading.

Where there is only one allocation, the center heading of that section will read "Allocation to [Name of bureau (if in the same agency) or other agency]". No distribution of total obligations by organizational unit is required.

Where there are two or more allocations, the allocation section will contain the combined obligations for all allocations (see exhibit 35B). The center heading will read "Allocation accounts". The final entry will read "Subtotal, obligations, allocation accounts". A distribution of the total obligations by organizational unit (including the parent agency) will be appended to the end of the schedule under a side heading "Obligations are distributed as follows:". The parent organizational unit will be listed first, followed by entries for each bureau within the same agency and for other agencies receiving an allocation in budget order. (If allocations are made to two or more bureaus in another agency, the amounts will be consolidated in a single entry for that agency.) Complete object class information for each allocation account must be included in the justification submitted by the parent agency.

Accounts with both allocations and reimbursable obligations.--The

object class schedule for accounts with both reimbursable obligations and allocations to other organizational units will be constructed with two major groupings. The first grouping will contain entries for both direct and reimbursable obligations of the parent agency. This grouping will be under a centered title naming the parent agency or bureau. The second grouping will contain entries for both direct and reimbursable obligations, as appropriate, within the allocation portion of the schedule.

Subtotals and totals.--In all cases where the schedule contains more than one section, the subtotals for the individual sections will be generated automatically on line x990 under MAX. "Total obligations" will be automatically generated on line 9999.

(c) Consulting service object class data.--As required by law, obligations for consulting services are required to be reported separately from other contractual services (see object class 25.1 in section 35.5). In addition, supporting information on consulting services obligations reported in object class 25.1 is required (see section 15.8).

35.5. Object class definitions.

The entries used to report object class data and definitions of those object classes are provided below. Entries in boldface normally will be automatically generated in MAX.

Code and Standard Title	Definition
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PERSONAL SERVICES AND BENEFITS

(Object classes 11.1 through 13.0)

Personnel Gross compensation for personal services rendered to
Compensation the Government by Federal civilian employees, military
 personnel, and non-Federal personnel. (See object
 classes 11.1-11.9).

11.1 Full-time Regular salaries and wages paid directly to civilian
permanent full-time permanent employees, as defined in section
 35.3, and other payments that become a part of the
 employee's basic pay rate (e.g., geographic
 differentials and critical position pay). Includes
 regular salaries and wages paid to employees while on
 annual, sick, compensatory or other paid leave, and
 terminal leave payments; excludes compensation above
 the basic rate, e.g., for overtime or other premium
 pay, which should be recorded in object class 11.5.
 Includes regular pay of the commissioned officers of
 the Public Health Service, the National Oceanic and
 Atmospheric Administration, and the Environmental
 Protection Agency.

Where employees are paid from more than one
 appropriation, the applicable portion will be included
 under each appropriation. Include compensation for all
 workdays in the fiscal year.

11.3 Other Regular salaries and wages, including obligations for
than full-time terminal leave payments paid directly to Federal
permanent civilian employees for part-time, temporary, or
 intermittent employment, as defined in section 35.3.
 Includes pay for employees in the Competitive and
 Excepted Services with appointments that are not
 designated as full-time permanent under object class
 11.1. Includes pay for employees in the Senior
 Executive Service who are serving under limited term
 appointments, as defined in 5 U.S.C. 3132(a)(5) and
 under limited emergency appointments, as defined in 5
 U.S.C. 3132(a)(6).

Note: When the Government contracts with an individual
for personal services and that individual is
reportable under Office of Personnel Management
regulations as a Federal employee, the compensation
for services normally will be classified under object
class 11.3 or 11.5, as appropriate. On the other hand,
payments to a contractor principally for the personal
services of a group of the contractor's employees will
be classified under object class 25.2. Similarly,
contracts with private sector individuals for personal
services that provide for substantial additional
considerations, such as a contract with a physician
who provides his or her own office, x-ray and other
equipment, will be classified under object class 25.2.

11.5 Other personnel compensation	All personnel compensation above basic rates paid directly to civilian employees. Excludes cash allowances for higher cost of living locations, which are classified under object class 12.1. Includes overtime, holiday pay, Sunday pay, night work differential, supervisory differential, and hazardous duty pay, as defined in section 35.3. Also includes: Post differentials--Payments authorized under 5 U.S.C. 5925 above the basic rate for service at hardship posts abroad that are based upon conditions of environment differing substantially from those in the contiguous 48 States and the District of Columbia. Other payments above basic rates--Payments above the basic rate for any other premium pay, such as stand-by pay and premium pay in lieu of overtime and special pay that is paid periodically during the year in the same manner and at the same time as regular salaries and wages are paid. Excludes special pay which is classified under object class 12.1. Cash incentive awards--Payments for cash awards that do not become part of the Federal employee's basic rate of pay, such as those authorized under 5 U.S.C. 4503, 4504, 4505a, 4507, and 5384.
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11.7 Military personnel	Pay of military personnel including amounts above basic rates, for example, overtime, holiday pay, night work differential, hazardous duty pay, flight pay, and
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extra pay based upon conditions of environment (except cost of living allowances for locations outside the contiguous 48 States and the District of Columbia which are classified under object class 12.2). Also includes basic allowances for subsistence (BAS) and for quarters (BAQ). Excludes payments made to other agencies for services of military personnel on reimbursable detail, which are classified under object class 11.8.

11.8 Special personal services payments	Regular salaries and wages paid directly to persons whose workyears are not reportable to the Office of Personnel Management as Federal civilian employees and payments for personal services that do not represent salaries or wages paid directly to Federal employees. Includes: Compensation of persons not reportable as Federal employees--Payments for compensation to persons not included in regular employment reports to the Office of Personnel Management, such as: witnesses, casual workers, and patient and inmate help. Includes compensation in the nature of allowances to trainees and volunteers. Also includes payments for salary equalization authorized under 5 U.S.C. 3373 and 3584 for individuals on leave of absence for employment with international organizations or State and local governments. (During the period of leave of absence, such persons are not included in reports on Federal
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employment to the Office of Personnel Management if the Federal agency pays 50 percent or less of the person's salary.)

Payments for reimbursable details--Payments made to other agencies for services of civilian employees and military personnel on reimbursable detail (both compensation and personnel benefits). Excludes other payments for reimbursable activities between Government accounts, which are classified in object class 25.3.

Agency reimbursement to the Civil service retirement and disability fund for reemployed annuitants--Payments by an agency employing an annuitant to reimburse the Civil service retirement and disability fund for the annuity paid to that employee, as required by Public Law 94-397 (5 U.S.C. 8339, 8344).

11.9	Total	Total of the amounts shown for object classes 11.1 through 11.8.
	personnel compensation	

Personnel Benefits	Benefits for currently employed Federal civilian, military, and certain non-Federal personnel. (Payments of benefits to certain former Federal civilian and military personnel are classified under object classes 13.0 and 42.0.) (See object classes 12.1 and 12.2.)
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12.1 Civilian Cash allowances paid directly to Federal civilian
personnel employees and payments to other funds for the benefit
benefits of these employees, and benefits authorized by statute
to be paid, including those to certain non-Federal
civilian employees.

This object class consists of all such payments
whether or not the personnel compensation of these
employees is classified under object classes 11.1
through 11.8. Benefit payments for non-Federal
civilian employees under this object class include
persons not reportable to the Office of Personnel
Management as Federal employees, e.g., Peace Corps and
VISTA volunteers, Job Corps enrollees, and U.S.
Department of Agriculture Extension Service agents.

Excludes cash incentive awards classified under object
class 11.5 and perquisites provided in kind (which are
classified under the object class representing the
nature of the item purchased), and payments to former
employees resulting from their employment.

Includes:

Recruitment and retention incentives--Payments above
the basic rate for recruitment bonuses, relocation
bonuses, and retention allowances authorized by 5
U.S.C. 5753 and 5754.

Allowances--Includes quarters allowances, uniform
allowances (when paid in cash), special pay that is
paid in a lump sum, reimbursements for notary public

expenses, and allowances above basic rates of pay for service outside the contiguous 48 States and the District of Columbia to compensate for a substantially higher cost of living at the post of assignment than the cost of living in the District of Columbia (as authorized under 5 U.S.C. 5924 and 5941).

Also includes allowances for separate maintenance, education for dependents, transfers for employees stationed abroad, and personal allowances based upon assignment or position.

Relocation and other expenses related to permanent change of station (PCS)--Includes authorized allowances for expenses incurred in connection with the sale of a residence, or settlement of an unexpired lease, subsistence while occupying temporary quarters, and miscellaneous moving expenses, as authorized under 5 U.S.C. 5724a. Also includes reimbursement of amounts equal to income taxes incurred by transferred employees for moving or storage expenses under 5 U.S.C. 5724b and contractual charges for relocation services under 5 U.S.C. 5724c. Charges for other PCS expenses are classified under object class 12.2, 21.0, 22.0, 25.2, or 25.3, as appropriate.

| Payments to other funds--Includes employers share of
| employee retirement, life insurance and health
| insurance benefits, accident compensation (e.g.,
| payments to the Office of Worker's Compensation),
| Federal Insurance Contribution Act taxes, and other
| such payments. Includes agency \$80 payments to the

| civil service retirement fund for currently employed
| CSRS and FERS personnel, as required under the
| Federal Workforce Restructuring Act of 1994. Also
| includes agency payments to finance fiduciary
| insurance costs of the Federal Retirement Thrift
| Investment Board.

Subsidies for commuting costs--Includes payments to
subsidize the costs of Federal civilian employees in
commuting by public transportation.

12.2 Military Cash allowances and payments to other funds for
personnel military personnel. Includes:
benefits Allowances--Includes uniform allowances (when paid in
cash) and reenlistment bonuses. Also includes
cost-of-living allowances paid to personnel on duty
outside the contiguous 48 States and the District of
Columbia, dislocation and family separation
allowances, and personal allowances based upon
assignment or rank. (Excludes hazardous duty pay,
flight pay, extra pay based upon conditions of
environment, and other such pay, which are classified
under object class 11.7, and benefit payments to
veterans resulting from their past service.)
Payments to other funds--Includes the employer share
of military retirement, Federal Insurance Contribution
Act taxes, Servicemen's Group Life Insurance premiums,
and education benefits.
Subsidies for commuting costs--Includes payments to

subsidize the costs of military personnel in commuting by public transportation.

13.0 Benefits Benefits due to former employees or their survivors on
for former the basis of (at least in part) the length of service
personnel to the Government. Excludes benefits provided in kind,
such as hospital and medical care, which are
classified under the object class representing the
nature of the items purchased. Includes:
Retirement benefits--Compensation in the form of
pensions, annuities, or other retirement benefits paid
to former military and certain civilian Government
personnel or to their survivors, exclusive of payments
from retirement trust funds, which are classified
under object class 42.0.

| Separation pay--Severance payments to former employees
| involuntarily separated through no fault of their own
| and voluntary separation incentive (VSI) payments to
| employees who voluntarily separate from Federal
| service.

| Other benefits--Payments to other funds for ex-Federal
| employees and ex-servicepersons (e.g., agency payments
| to the unemployment trust fund for ex-employees and
| one-time agency payments of 9% of final basic pay to
| the civil service retirement fund for employees who
| took the early-out under buy-out authority) and other
| benefits paid directly to the beneficiary. Also
| includes Government payment to the Employees health

| benefits fund for annuitants.

CONTRACTUAL SERVICES AND SUPPLIES
(Object classes 21.0 through 26.0)

21.0 Travel Obligations for transportation of Government employees
and or others, their per diem allowances while in an
transportation authorized travel status, and other expenses incident
of persons to travel that are to be paid by the Government either
 directly or by reimbursing the traveler.

This object class consists of both travel away from
official stations, subject to regulations governing
civilian and military travel, and local travel and
transportation of persons in and around the official
station of an employee. In determining subclasses for
administrative use, agencies may maintain such
distinctions as they deem appropriate, including a
separate subclass for rental of vehicles from
interagency motor vehicle pools. Includes:

Transportation of persons--Contractual obligations for
services in connection with carrying persons from
place to place, by land, air, or water and the
furnishing of accommodations incident to actual
travel. Includes commercial transportation charges;
rental or lease of passenger cars; charter of trains,
buses, vessels, or airplanes; ambulance service or

hearse service; and expenses incident to the operation of rented or chartered conveyances. (Rental or lease of all passenger-carrying vehicles is to be charged to this object class, even though such vehicles may be used incidentally for transportation of things.)

Includes mileage allowances for use of privately owned vehicles and related charges that are specifically authorized (such as highway and ferry tolls). It includes rental or lease of passenger motor vehicles from Government motor pools. Also includes bus, subway, streetcar, and taxi fares (including tips) whether used for local transportation or for travel away from a designated post of duty.

Subsistence for travelers--Payments to travelers of per diem allowances or reimbursement of actual expenses for subsistence.

Transportation expenses incident to permanent change of station (PCS)--Payments to employees for transportation expenses and per diem allowances or reimbursement of actual travel expenses associated with a permanent change of station (including travel expenses and per diem for the employee's immediate family), as authorized under 5 U.S.C. 5724a. Charges for other PCS expenses are classified under object class 12.1, 12.2, 22.0, 25.2, or 25.3, as appropriate.

Incidental travel expenses--Other expenses directly related to official travel, such as baggage transfer, and telephone and telegraph expenses, as authorized by travel regulations.

22.0 Contractual obligations for the transportation of
Transportation things (including animals), for the care of such
of things things while in process of being transported, and for
other services incident to the transportation of
things. (Excludes transportation paid by a vendor,
regardless of whether the cost is itemized on the bill
for the commodities purchased by the Government.)

Includes:

Freight and express--Charges by common carrier and
contract carrier, including freight and express,
demurrage, switching, recrating, refrigerating, and
other incidental expenses.

Trucking and other local transportation--Charges for
hauling, handling, and other services incident to
local transportation, including contractual transfers
of supplies and equipment.

Mail transportation--Postage used in parcel post and
charges for express package services (i.e., charges
for transporting freight). (It excludes other postage
and charges that are classified under object class
23.3.)

Transportation of household goods related to permanent
change of station (PCS) travel--Payments to Federal
employees for transportation of household goods and
effects or house trailers in lieu of payment of actual
expenses when payment is for transfer of personnel
from one official station to another. Charges for

other PCS expenses are classified under object class 12.1, 12.2, 21.0, 25.2, or 25.3, as appropriate.

Rent, Communications and Utilities	Charges for possession and use of land, structures, or equipment owned by others and charges for communication and utility services. Excludes charges for rental of transportation equipment, which are classified under object class 21.0 or 22.0. (See object classes 23.1 through 23.3.)
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23.1 Rental payments to GSA	Direct obligations for rental of space and rent related services assessed by the General Services Administration (GSA) as rent, formerly known as standard level user charges (SLUC). Excludes charges for related services provided by GSA in addition to services provided under rental payments, e.g., extra protection, extra cleaning, or extra alterations, which are classified under object class 25.2 or 25.3.
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23.2 Rental payments to others	Obligations for possession and use of space, land, and structures leased from a non-Federal source. Rental payments to agencies other than GSA for space, land, and structures that are subleased or occupied by permits regardless of whether the space is owned or leased will be classified under object class 25.3.
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23.3

Includes:

Communications ADP and communication services and
utilities, and rentals--Obligations for the transmission of messages
miscellaneous or data, such as land telegraph service, marine cable
charges service, radio and wireless telegraph service,
electronic data transmission service, and telephone
and teletype service; postage (excluding parcel post
and express mail service for freight); contractual
mail (including express mail service for letters) or
messenger service; and rental of post office boxes,
postage meter machines, mailing machines and teletype
equipment. Includes charges for the rental of ADP and
telecommunications hardware and software. (Charges for
maintenance to ADP and telecommunications hardware and
software and related training and technical
assistance, when significant and readily identifiable
in the contract or billing, will be classified under
object class 25.2 or 25.3, as appropriate. Contractual
services involving the use of equipment in the
possession of others such as computer time-sharing,
will also be classified under object class 25.2 or
25.3, as appropriate.)

Utility services--Obligations for heat, light, power,
water, gas, electricity, and other utility services.

Miscellaneous charges--Periodic charges under purchase
rental agreements for equipment. (Payments subsequent
to the acquisition of title to the equipment should be
classified under object class 31.0.) Excludes payments

under lease-purchase contracts for construction of buildings, which are classified under object class 32.0 or 43.0, and for ADP and telecommunications equipment, which are classified under object class 31.0.

24.0 Printing Obligations for contractual printing and reproduction and reproduction (including photocomposition, photography, blueprinting, photostating, and microfilming), and the related composition and binding operations performed by the Government Printing Office, other agencies or other units of the same agency (on a reimbursable basis), and commercial printers or photographers. Includes all common processes of duplicating obtained on a contractual or reimbursable basis. Also includes standard forms when specially printed or assembled to order and printed envelopes and letterheads.

Note: This object class consists of both printing and binding as defined in the Government Printing and Binding regulations issued by the Joint Committee on Printing and reproduction of the type that does not come within the Joint Committee's definition. In determining subclasses for administrative use, agencies may appropriately maintain such a distinction.

Other Contractual services for consulting, purchases of

contractual goods and services from Government accounts,
services operations of GOCOs, research and development (R&D)
contracts, and other services not otherwise
classified.

Supplies and materials furnished by the contractor in
connection with consulting or other services are
included in object classes 25.1, 25.2, 25.4, or 25.5
based on the type of contractual services involved.

25.1 Obligations for consulting services, which are defined
Consulting as advisory and assistance services acquired by
services contract from non-governmental sources to support or
improve organization policy development,
decision-making, management, and administration;
support program and/or project management and
administration; provide management and support
services for R&D activities; provide engineering and
technical support services; or improve the
effectiveness of management processes or procedures.
Such services may take the form of information,
advice, opinions, alternatives, analyses, evaluations,
recommendations, training, and technical support. Also
includes interagency agreements for consulting
services.

Excludes personnel appointments and advisory
committees, which are classified under object class
11.3. Also excludes obligations for contracts with the
private sector for routine ADP and telecommunications

services (i.e., Federal information processing resources) as defined in subpart 201-39.201 of the Federal Information Resources Management Regulations (FIRMR), unless they are an integral part of consulting services contracts; architectural and engineering services as defined in the Federal Acquisition Regulations (FAR) 36.102; and research on theoretical mathematics and basic medical, biological, physical, social, psychological, or other phenomena. Other contractual services, which are classified in object classes 25.2, 25.3, 25.4, and 25.5, are excluded.

This object class consists of the following three categories.

Management and professional support

services--Obligations for contractual services that provide assistance, advice, or training for the efficient and effective management and operation of organizations, activities (including management and support services for R&D activities), or systems. These services are normally closely related to the basic responsibilities and mission of the agency contracting for the services. Includes efforts that support or contribute to improved organization of program management, logistics, management, project monitoring and reporting, data collection, budgeting, accounting, performance auditing, and administrative/technical support for conferences and training programs. Excludes auditing of financial

statements, which is classified as other services,
object class 25.2.

Studies, analyses, and evaluations--Obligations for contractual services that provide organized, analytic assessments/evaluations in support of policy development, decision-making, management, or administration. Includes studies in support of R&D activities. Also includes obligations for models, methodologies, and related software supporting studies, analyses, or evaluations.

Engineering and technical services (excluding routine engineering services, as described above)--Obligations for contractual services used to support the program office during the acquisition cycle by providing such services as systems engineering and technical direction (FAR 9.505-1(b)) to ensure the effective operation and maintenance of a weapon system or major system as defined in OMB Circular No. A-109 or to provide direct support of a weapons system that is essential to R&D, production, or maintenance of the system.

| 25.2 Other Obligations for contractual services with the private
| services sector that are not otherwise classified will be
| reported under this object class. Excludes obligations
| for consulting service contracts, which are classified
| under object class 25.1. Also excludes obligations
| classified under other object classes for contractual

| services and supplies (object classes 21.0, 22.0,
| 23.1, 23.2, 23.3, 24.0, 25.1, 25.3, 25.4, 25.5, and
| 26.0). Obligations for services in connection with
the initial installation of equipment, when performed
by the vendor, which are classified under object class
31.0 are excluded. Also excludes transfers between
Federal and trust funds, which are classified in
object classes 25.3 and 92.0, as described below.

Includes:

Repairs and alterations--Obligations for repairs and
alterations to buildings, bridges, viaducts, vessels,
equipment, and like items, when done by contract with
the private sector.

Storage and maintenance--Obligations for contractual
services with the public for storage and care of
vehicles and storage of household goods, including
those associated with a permanent change of station
(PCS). Obligations for other PCS expenses are
classified under object class 12.1, 12.2, 21.0, 22.0,
or 25.3.

Subsistence and support of persons--Obligations
incurred for contractual services with the public for
board, lodging, and care of persons, including
hospital care (except travel items, which are
classified under object class 21.0).

Auditing--Includes obligations for auditing of
financial statements when done by contract with the
private sector. Excludes performance auditing, which
is classified in object class 25.1.

Typing and stenographic service contracts with the private sector.

Publication of notices, advertising, and radio and television time when done by private sector contract. Tuition.

Fees and other charges--Fees for abstracting land titles, premiums on insurance (other than payments to the Office of Personnel Management), and surety bonds.

Custom software--Obligations for contracts with the public covering development of software of \$25,000 or less, unless the software is an integral part of consulting services contracts, as defined above. Excludes custom software classified in object classes 25.1, 25.3, and 31.0.

Software and hardware maintenance--Obligations for contracts with the public to maintain software or hardware, including maintenance that is part of a rental contract, when significant and readily identifiable in the contract or billing. Excludes charges for rental of ADP and telecommunications hardware and software, which are classified in object class 23.3.

Operation of facilities or other service contracts (except for operation of GOCOs) where the private sector performs the service.

| 25.3 Purchases Includes obligations for purchases from other Federal
| of goods and agencies or accounts that are not otherwise

|services classified. Includes interagency agreements for
|from Government contractual services (including the Economy Act) for
|accounts the purchase of goods and services, including
| agreements with other agencies to make repairs and
| alterations to buildings, provide storage and
| maintenance of vehicles and household goods, and
| subsistence and support of persons. Also includes
| obligations for interagency contracts for development
| of software of \$25,000 or less or for software or
| hardware maintenance, when done by another Federal
| agency or account.

Transfers between Federal and trust
funds.--Obligations, formerly classified in object
class 25.2, that finance the purchase of goods and
services (i.e., reimbursable activities) through
transfers between Federal and trust fund accounts (see
also object class 92.0).

| Excludes interagency contracts for consulting
| services, which are classified in object class 25.1
| and payments made to other agencies for services of
| civilian employees or military personnel on
| reimbursable detail, which are classified in object
| class 11.8. Also excludes obligations for contractual
| services classified under object classes 21.0, 22.0,
| 23.1, 23.2, 23.3, 24.0, 25.1, 25.2, 25.4, 25.5, and
| 26.0).

25.4 Operation Includes obligations for the operation of

of GOCOs Government-owned contractor-operated facilities,
including those engaged in research and development.

25.5 Research Research and development contracts, except R&D
and development reported as consulting services (object class 25.1) or
contracts as operation of GOCOs (object class 25.5).

26.0 Supplies Obligations for commodities whether acquired by formal
and materials contract or other form of purchase that are:
ordinarily consumed or expended within one year after
they are put into use; converted in the process of
construction or manufacture; or used to form a minor
part of equipment or fixed property. Also includes
charges for off-the-shelf software purchases of
\$25,000 or less. (For purposes of this Circular, other
property of little monetary value that does not meet
any of these three criteria listed above may also be
classified as "Supplies and materials" at the option
of the agency.) Includes:

Office supplies--Obligations for pencils, paper,
calendar pads, stenographic notebooks, standard forms
(except when specially printed or assembled to order),
unprinted envelopes, other office supplies, and
property of little monetary value, such as desk
trays, pen sets, and calendar stands.

Publications--Obligations for purchases of or
subscriptions to pamphlets, documents, books,

newspapers, periodicals, records, cassettes, or other publications whether printed, microfilmed, photocopied, or otherwise recorded for auditory or visual use that are off-the-shelf rather than specially ordered by or at the request of the agency. Excludes publications acquired for permanent collections, which are classified under object class 31.0.

ADP supplies and materials--Obligations for computer and word processing tapes, discs, and manuals. Includes off-the-shelf software purchases and licenses of \$25,000 or less. Excludes off-the-shelf software classified under object class 31.0.

Chemicals, surgical and medical supplies.

Fuel--Obligations for fuels used in cooking, heating, generating power, making artificial gas, and operating motor vehicles, trains, aircraft, and vessels.

Clothing and clothing supplies--Obligations for articles of clothing, together with materials and sewing supplies used in manufacture of wearing apparel.

Provisions--Obligations for food and beverages.

Cleaning and toilet supplies.

Ammunition and explosives.

Materials and parts--Obligations for commodities (including building materials) used in the construction, repair, or production of supplies, equipment, machinery, buildings, and other structures.

ACQUISITION OF CAPITAL ASSETS
(Object classes 31.0 through 33.0)

31.0 Equipment Obligations for the purchase of personal property of a durable nature--that is, property that normally may be expected to have a period of service of a year or more after being put into use without material impairment of its physical condition. Includes obligations for service in connection with the initial installation of equipment when performed under contract. Excludes off-the-shelf software valued at \$25,000 or less and supplies and materials classified under object class 26.0. Also excludes fixed equipment that is classified under object class 32.0. This object class may consist of both equipment that is not capitalized (not set up in property accounts) and equipment that is capitalized. In determining subclasses for administrative use, agencies may appropriately maintain such a distinction. Includes:

Transportation equipment--Obligations for vehicles, including passenger-carrying automobiles, motor trucks, and motorcycles; tractors; aircraft; trains; and steamships, barges, power launches, and other vessels.

Furniture and fixtures--Obligations for movable furniture, fittings, fixtures, and household

equipment. Includes desks, tables, chairs, typewriters, word processing equipment, and calculators.

Publications for permanent collections.

Tools and implements.

Machinery--Obligations for engines, generators, manufacturing machinery, transformers, ship equipment, pumps, and other production and construction machinery.

Instruments and apparatus-- Obligations for surgical instruments, x-ray apparatus, signaling equipment, telephone and telegraph equipment, electronic equipment, scientific instruments and appliances, measuring and weighing instruments and accessories, photographic equipment, picture projection equipment and accessories, and mechanical drafting devices.

ADP and telecommunications equipment --Obligations for hardware, e.g., central processing units (CPUs), punch card accounting machines, data entry machines, modems, telephone handsets, and personal computers. Also includes purchases of off-the-shelf and custom software of more than \$25,000.

Armaments--Obligations for tanks, armored carriers, tractors, missiles, machine guns, small arms, bayonets, anti-aircraft guns, artillery, searchlights, detectors, fire-control apparatus, submarine mine equipment, ammunition hoists, torpedo tubes, and other special and miscellaneous military equipment.

32.0 Land and Obligations for purchase of land, buildings, and other structures

structures, additions to buildings, nonstructural improvements, fixed equipment when acquired under contract (whether an addition or a replacement), and payments from liquidating accounts for defaulted loan guarantees on loans that have been foreclosed, so that the Federal payment results in the acquisition of a physical asset rather than a loan asset. Includes:

Land--Obligations for the purchase of land and interest in lands, including easements and rights of way.

Buildings and other structures--Obligations for the acquisition or construction of buildings and structures, and additions thereto, when acquired under contract. Includes principal payments under lease-purchase contracts for construction of buildings.

Nonstructural improvements--Obligations for improvements of land, such as landscaping, fences, sewers, wells, and reservoirs, when acquired under contract.

Fixed equipment--Obligations for fixtures and equipment that become permanently attached to or a part of buildings or structures, such as elevators, plumbing, power-plant boilers, fire-alarm systems, lighting or heating systems, and air-conditioning or refrigerating systems (whether an addition or a replacement), when acquired under contract. Includes

amounts for services for the initial installation of
fixed equipment when performed under contract.

33.0	Obligations for the purchase of securities and
Investments	expenditures in the nature of capital for other funds.
and loans	In credit liquidating accounts, includes loans and
	payments for defaulted loan guarantees in those cases
	where the default has not resulted in foreclosure, so
	that the Government acquires title to the note rather
	than title to physical assets. If payment occurs for
	which there is no asset (property or enforceable
	notes) so that the payment is a sunk cost, it should
	be included under object class 42.0. Includes:
	Investments in securities--Obligations for the
	purchase of stocks, bonds, debentures, and other
	securities (except the par value of U.S. Government
	securities or securities of wholly-owned Government
	enterprises) in which money is invested either
	temporarily or permanently. Includes the amounts paid
	for interest accrued at the time of purchase and
	premiums paid on all investments, including payments
	over par value for the purchase of Government
	securities and discounts under par value on sales of
	Government securities.

GRANTS AND FIXED CHARGES

(Object classes 41.0 through 44.0)

41.0 Grants, Grants (including revenue sharing), subsidies
subsidies, and (including credit program costs), gratuities, and
contributions other aid for which cash payments are made to States,
other political subdivisions, corporations,
associations, and individuals; contributions to
international societies, commissions, proceedings, or
projects, whether in lump sum or as quotas of
expenses; contributions fixed by treaty; grants to
foreign countries; taxes imposed by taxing authorities
where the Federal Government has consented to taxation
(excluding the employer's share of Federal Insurance
Contribution Act taxes); and payments in lieu of
taxes. Includes readjustment and other benefits for
veterans, other than indemnities for death or
disability.

Note: Obligations under grant programs that involve
the furnishing of services, supplies, materials, and
the like, rather than cash are not charged to this
object class, but to the object class representing the
nature of the services, articles, or other items that
are purchased.

42.0 Insurance Benefit payments from the social insurance and Federal
claims and retirement trust funds and payments for losses and
indemnities claims including those under the Equal Access to

Justice Act. Includes:

Social insurance and retirement--Payments for individuals from trust funds for social security, medicare, unemployment insurance, railroad retirement, Federal civilian retirement, military retirement, and other social insurance and retirement programs.

Other claims or indemnities--Payments to veterans and former civilian employees or their survivors for death or disability, whether service connected or not.

Payments of claims and judgments arising from court decisions or abrogation of contracts; indemnities for the destruction of livestock, crops, and the like; damage to or loss of property; and personal injury or death. Includes payments to or for persons displaced as a result of Federal and federally assisted programs, as authorized under 42 U.S.C. 4622-4624.

Includes losses made good on Government shipments, and payments made from liquidating accounts on guarantees where no asset is received and where forgiveness is not provided by law.

43.0 Interest Payments to creditors for the use of moneys loaned, and dividends deposited, overpaid, or otherwise made available and the distribution of earnings to owners of trust or other funds. Includes interest payments under lease-purchase contracts for construction of buildings. If payment of claims under a contract has been delayed by the Government, the interest will be

recorded under the same object class used for the original contract and not in this object class.

44.0 Refunds Payments made from an appropriation or fund account to refund amounts previously received by the Government to correct errors in computations, erroneous billing and other factors (see section 14.2(i)). Also includes amounts refunded to former employees or their beneficiaries for employee contributions to retirement and disability funds (e.g., payments made when employees die before retirement or before their annuities equal the amount withheld). In the account receiving the refund, previously recorded obligations will be reduced in the appropriate object class(es) by the amount of the refund.

OTHER

(Object classes 91.0 through 99.9)

Other The following object classes will be used, as appropriate, when preparing agency budget submissions under this Circular. They will also be used at other times when such information is requested.

91.0 Charges that may be incurred lawfully for confidential
Unvouchered purposes, not subject to detailed vouchering or
 reporting, will be recorded under this object class.

92.0 Charges that cannot be distributed to the classes
Undistributed listed above, including obligations related to
 transfers between Federal and trust funds when the
 transfers result from appropriation action or general
 transfer authority. Transfers that finance purchase of
 goods and services (i.e., reimbursable activities)
 that were formerly classified in object class 25.2 are
 now classified in object class 25.3.

This object class will be used for reporting purposes
only with the prior approval of OMB. Once approved,
specify the type of transaction as a subentry under
the title, "Undistributed", when reporting object
class 92.0 data in MAX Schedule O (see section
35.3(b)).

93.0 This object class is used when there is an annual
Limitation limitation on administrative or nonadministrative
on expenses expenses for revolving and trust funds. In the object
 class schedule for the revolving or trust fund, total
 obligations applicable to the limitation are reported
 as a lump sum entry without any distribution under
 object class 93.0. A separate object classification
 schedule for the limitation will distribute the lump

sum obligations reported in the parent schedule in object classes 11.1 through 44.0, as appropriate, with an offsetting negative entry on line 93.0 equal to the total obligations distributed. No amount will be shown on the subtotal line (99.0) or the total line (99.9) of the separate object classification schedule for the limitation.

99.0 Subtotal, Subtotal of entries above for direct, reimbursable, or obligations allocation account obligations when more than one of these categories are reported in a single account. The subtotal stub entry for reimbursable obligations, "Reimbursable obligations", should be used, even if all reimbursable obligations are classified in a single object class category.

99.9 Total This entry will equal the sum of the total obligations obligations for all the object class entries. The amount must equal total obligations as shown on line 10.00 of the program and financing schedule. Only the final total of all obligations should be coded 99.9. Subtotals for schedules containing two or more sections will be coded 99.0 for the individual sections.

Special Schedules

36.1. Personnel summary (MAX schedule Q).

A personnel summary is used to report the total compensable workyears financed by an account for PY through BY. A personnel summary is required whenever an account contains an entry for personnel compensation in the object class schedule, i.e., object class entry 11.1 or 11.3 (see section 35.5), unless all of the obligations in 11.1 and 11.3 are allocated to another agency.

Total compensable workyears reported in the personnel summary should be consistent with total full-time equivalent (FTE) employment funded by an account.

The total FTE employment reported in data section Q should include components that in the past were referred to as "ceiling" and "ceiling exempt." In addition, for accounts that have allocations to other agencies, the allocation FTEs are included in the personnel summary of the receiving agency, without separate identification.

While the definition of object class 11.1 (see section 35.5) stipulates that compensation must be included for all workdays in the fiscal year, the FTE data in the personnel summary should be consistent with that reported to the Office of Personnel Management on the SF113G report. (See the discussion in section 13.3(c), dealing with that report.)

Personnel summary schedules will be reported in MAX schedule Q and will appear after the object class schedule. Data will be reported using the entries indicated below.

Entry	Description
Xx0x	<p>The first digit distinguishes between direct, reimbursable, and other categories, consistent with the reporting of data in the object classification schedule (see section 35.4). The following codes are used for the first digit:</p> <p>1--direct</p> <p>2--reimbursable</p> <p>5--revolving fund</p> <p>6--limitation account--direct</p> <p>7--limitation account--reimbursable</p>
xx0x	<p>The second digit distinguishes between civilian and military personnel. The following codes are used for the second digit:</p> <p>0--civilian personnel</p> <p>1--military personnel</p>
xx0x	<p>The third digit will always be "0".</p>

The fourth digit is used to report total compensable workyears, as follows:

Total compensable workyears:

xx01 Full-time equivalent employment	This entry, stated in workyears, will reflect the total hours funded (including hours for ceiling exempt employment and excluding estimates of terminal leave and overtime and holiday hours) for all personnel whose compensation is reported in object class 11.1 or 11.3, except for FTE allocations to another agency. The methodology for calculating the workyears is as described in section 13.3.
xx05 Full-time equivalent of overtime and holiday hours	This entry, stated in workyears, will reflect the portion of object class 11.5 that is attributable to overtime and holiday hours, as defined in section 35.3 except for FTE allocations to another agency.

Agencies are also required to include personnel summaries in their budget justifications to Congress.

36.2. Summary of budget authority and outlays.

A summary will be printed for each regular account that has separate program and financing schedules for supplemental requests, legislative

proposals, or rescission proposals to report the totals for budget authority and outlays for PY through BY. The summary is generated automatically from MAX data and appears immediately following the program and financing schedule and any associated footnotes for the regular (transmittal code 0) account.

The summary normally will contain the following entries, as applicable, in the sequence shown:

Wording of Entry	Description

Enacted/requested:	Total amount of budget authority and
Budget authority	outlays for all years shown in the
Outlays	regular program and financing schedule
	under transmittal code 0. These entries
	reflect, without separate
	identification, reductions pursuant to
	the Budget Enforcement Act of 1990,
	which amended the G-R-H law.

Proposed for later	Total amount of budget authority and
transmittal:	outlays for all years shown in a
Budget authority	separate program and financing schedule
Outlays	under transmittal codes 2, 3, or 4.

Supplemental:	Total budget authority and outlays for

Budget authority all years shown in a separate program
Outlays and financing schedule under transmittal
code 1.

Rescission proposal: Total amount of reduction of budget
Budget authority authority and outlays for all years
Outlays shown in a separate program and
financing schedule under transmittal
code 5.

Total: Sum of all preceding entries.
Budget authority
Outlays

36.3. Financial statements (MAX schedules E and F).

(a) General instructions.--Financial statements will be submitted
for:

- all enterprises specifically required by the Government
Corporation Control Act or other legislation to submit such
budgets;
- all direct and guaranteed loan financing accounts (balance sheet
only); and
- all Government-sponsored enterprise funds.

|Financial statements are generally required for revolving funds

| (including trust revolving funds) that conduct business-like
| activities with the public. Exemptions from this requirement may be
| allowed by OMB, where not required by law, on a case-by-case basis.
In addition, OMB may require financial statements for certain
intragovernmental revolving funds. The data consist of:
| --a statement of operations (see section 36.3(b)) for PY-1 through
| BY (MAX schedule E); and
--a balance sheet (see section 36.3(c)) for PY-1 through BY (MAX
schedule F).

Separate schedules are required for supplemental requests and
proposed legislation items. These schedules will show the effect of
the supplemental request or proposed legislation on the information
presented in the regular schedules for the account.

(b) Statement of operations (MAX schedule E).--Statements of
operations provide information on the net income (or loss) of
programs. Amounts reported will be based on accrual accounting
| concepts. Statements of operations are not required for credit
| financing accounts.

Statements of operations will be prepared in the format of exhibit
36A, with audited actual amounts as of the close of PY-1, actual
amounts as of the close of PY, and estimates as of the close of CY and
BY. When an enterprise is engaged in two or more significant programs,
the revenue, expense, and net income or loss for each program should
| be reported separately. A two-digit group code can be used to group
| data by program, as described in the MAX User's Guide. The statements
will also provide the total revenue, expense, and income or loss of
the account as a whole.

Data will be reported using the entries indicated below. In the MAX
system, amounts normally will be automatically generated for total and

subtotal entries.

Line

number

code

Description

01xx The first digit will always be "0" and the second digit will
 always be "1".

01Xx The third digit will take on the value of 0 through 8 to
 identify different program activities. When two or more
 programs are presented, a subtotal is required and will take on
 the value of 9.

01xX The fourth digit will indicate whether the data represent
 revenue, expense, or net income or loss:
 1--Revenue
 2--Expense (Note: Expenses will always be entered as a negative
 (-) amount.)
 9--Net income or loss

(c) Balance sheet (data section F).--Balance sheets provide
information on program assets, liabilities, and net position and are
used to assess the resources available for Federal programs.

Balance sheets will be prepared in the format of exhibit 36B, with audited actual amounts as of the close of PY-1, actual amounts as of the close of PY, and estimates as of the close of CY and BY.

The entries listed below will be used to prepare the balance sheets. These entries correspond to entries used in OMB Bulletin No. 94-01 entitled, "Form and Content of Agency Financial Statements", which instructs agencies to prepare financial statements at the entity level. The terms, definitions, and instructions provided in that bulletin will be used to prepare the balance sheets at the account level. The following table bridges from Standard General Ledger (SGL) accounts to the MAX line entry.

SGL		
Account	Entry	Description

ASSETS		
Federal assets:		
These assets arise from transactions among Federal agencies. Federal agency assets are claims of a Federal agency against other Federal agencies which, when collected, can be used in the agency's operations. The term "Federal" can be used interchangeably with the term "intragovernmental" in OMB Bulletin No. 94-01 "Form and Content of Agency Financial Statements."		

1010	1101 Fund balances with Treasury	The unobligated and obligated balances with Treasury for which the agency is authorized to make expenditures and pay liabilities, including clearing account balances and the dollar equivalent of foreign currency account balances. An agency's fund balance with Treasury also includes balances for direct loan and loan guarantee activities held in the credit reform financing and liquidating accounts.

	Investments in US securities:	The total of investments in Federal securities. These consist of securities issued by Federal agencies and include non-marketable par value Treasury securities, market-based Treasury securities, marketable Treasury securities, and securities issued by other Federal agencies.

1610	1102 Treasury securities, par	Par (face or nominal) value of Treasury securities acquired.

1611	1103	Treasury	Balance of purchase premiums or
		securities,	discounts that have not yet been
		unamortized discount	amortized.
		(-),	
		unamortized premium	
		(+)	

1610	1104	Agency	Par (face or nominal) value of agency
		securities, par	securities acquired.

1611	1105	Agency	Balance of purchase premiums or
		securities,	discounts that have not yet been
		unamortized discount	amortized.
		(-),	
		unamortized premium	
		(+)	

1310	1106	Receivables, net	Accounts receivable and interest
			receivable, net of uncollectible
			amounts. Interest receivable should be

| recognized for the amount of interest
| income earned but not received for an
| accounting period. Receivables from
| Federal agencies should be reported
| separately from receivables from
| non-Federal entities (on line 1206).
| Interest receivable related to direct
| loans and acquired defaulted guaranteed
| loans should be reported separately
| below as a component of credit program
| receivables.

|-----
|
|1410 1107 Advances and Advances are cash outlays made by a
| prepayments Federal agency to cover a part or all of
| the recipients' anticipated expenses or
| as advance payments for the costs of
| goods and services the agency is to
| receive. Prepayments are payments made
| by a Federal agency to cover certain
| periodic expenses before those expenses
| are incurred. Advances and prepayments
| made to Federal agencies are
| intragovernmental and are accounted for
| and reported separately from those made
| to non-Federal entities.

| Non-Federal assets:

| These assets arise from transactions of the Federal Government with
| non-Federal entities. These entities include domestic and foreign
| persons and organizations outside the U.S. Government. The term can
| be used interchangeably with the term "governmental" in OMB Bulletin
| 94-01 "Form and Content of Agency Financial Statements."

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|
|1690 1201 Investments in Securities issued by State and local
| non-Federal governments, private corporations, and
| securities, net government-sponsored enterprises, net of
| premiums, discounts and allowances for
| losses. Securities are normally reported
| at acquisition cost or amortized
| acquisition cost. However, market value
| should be used when there is:
| (1) an intent to sell the securities
| prior to maturity; and
| (2) a reduction in the value of the
| securities that is more than temporary.

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|
|1310 1206 Receivables, net Accounts and interest receivable due
| from non-Federal entities, net of an
| allowance for estimated uncollectible
| amounts. No interest should be
| recognized as revenue on accounts

receivable or investments that are determined to be uncollectible unless the interest is actually collected. Interest receivable related to direct loans and acquired defaulted guaranteed loans should be reported as a component of credit program receivables.

1410	1207 Advances and prepayments	Advances are cash outlays made by a Federal agency to its employees, contractors, grantees or others to cover a part or all of the recipients' anticipated expenses or as advance payments for the costs of goods and services the agency receives. Prepayments are payments made by a Federal agency to cover certain periodic expenses before those expenses are incurred.
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Credit program receivables and related foreclosed property:

These items represent the net value of assets related to pre-1992 and post-1991 direct loans receivable and acquired defaulted guaranteed loans receivable.

	Net value of assets	
	related to post-1991	
	direct loans	
	receivable:	
1350	1401 Direct loans	The direct loan disbursements that the
	receivable, gross	direct loan financing account has made
		for that year and all previous years (in
		other words, the original face amount of
		the direct loans in all years up to the
		end of that year) for all direct loans
		outstanding.

1340	1402 Interest	Amount of interest receivable.
	receivable	

1310	1403 Accounts	Amount of accounts receivable related to
	receivable from	foreclosed property.
	foreclosed property	

1550	1404 Foreclosed	Foreclosed property associated with

	property	post-1991 direct and acquired defaulted
		guaranteed loans should be valued at the
		net present value of the projected cash
		flows associated with the property. To
		practicably accomplish this requirement,
		foreclosed property may be recorded at
		the estimated net realizable value at
		the time of foreclosure. A portion of
		the related allowance for subsidy
		account will apply to the foreclosed
		property, but that amount need not be
		separately determined. Rather, the
		allowance account is subtracted from the
		sum of the credit program assets to
		determine the net present value of the
		assets. For guidance in recording
		transactions related to foreclosures see
		Treasury's case 5B "Accounting for
		Collateral and Escrow Transactions for a
		Loan Guarantee Program Under the Credit
		Reform Act of 1990 (Present Value
		Reporting Approach)," dated August 24,
		1993.

|-----

	1399	1405 Allowance for
		subsidy cost (-)
		The unamortized amount of subsidy
		expenses for those loans that have been
		disbursed.

	1499	Net present value The sum of lines 1401 through 1405.
		of assets related to
		direct loans

		Net value of assets
		related to post-1991
		acquired defaulted
		guaranteed loans
		receivable:
1350	1501	Defaulted Amount of defaulted guaranteed loans
		guaranteed loans that resulted in the acquisition of a
		receivable, gross loan receivable that is still
		outstanding.

1340	1502	Interest Amount of interest receivable related to
		receivable defaulted guaranteed loans.

1550	1504	Foreclosed The estimated net realizable value of
		property related foreclosed property.

1399	1505 Allowance for	The unamortized amount of subsidy
	subsidy cost (-)	expenses for those loans that have been
		acquired.

	1599 Net present value	The sum of lines 1501 through 1505.
	of assets related to	
	defaulted	
	guaranteed loans	

	Net value of assets	
	related to pre-1992	
	direct loans	
	receivable and	
	acquired defaulted	
	guaranteed loans	
	receivable:	
1350	1601 Direct loans,	For each pre-1992 direct loan program,
	gross	report loans and interest receivable,
		gross.

1340	1602 Interest	Amount of interest receivable.
	receivable	

1319,	1603 Allowance for	Estimated amount of loans and interest
1359	estimated	that will not be collected.
	uncollectible loans	
	and interest (-)	

	1604 Direct loans and	The sum of lines 1601 through 1603.
	interest receivable,	
	net	

1310	1605 Accounts	Amount of accounts receivable related to
	receivable from	foreclosed property.
	foreclosed property	

1550	1606 Foreclosed	The estimated net realizable value of
	property	related foreclosed property.

	1699 Value of assets	The sum of lines 1604 through 1606.
	related to direct	

	loans	

1350	1701 Defaulted	For each pre-1992 loan guarantee
	guaranteed loans,	program, report receivables as defaulted
	gross	guaranteed loans acquired by the
		government.

1340	1702 Interest	Amount of interest receivable related to
	receivable	defaulted guaranteed loans.

1319,	1703 Allowance for	Estimated amount of defaults on loans,
1359	estimated	interest, and accounts receivable.
	uncollectible loans	
	and interest (-)	

	1704 Defaulted	The gross amount of defaulted guaranteed
	guaranteed loans and	loans that resulted in the acquisition
	interest receivable,	of a loan receivable, and interest
	net	receivable, net of an allowance for
		uncollectible amounts. The sum of lines
		1701 through 1703.

	1310	1705 Accounts
		Amount of accounts receivable related to
		receivable from foreclosed property.
		foreclosed property

	1550	1706 Foreclosed
		The estimated net realizable value of
		property related foreclosed property.

		1799 Value of assets
		The sum of lines 1704 through 1706.
		related to loan
		guarantees

		Other Federal assets:

	1100	1801 Cash and other
		The total of all cash resources and all
		monetary assets other monetary assets. Cash consists of:
		(i) coins, paper currency, and readily
		negotiable instruments, such as money
		orders, checks, and bank drafts on hand
		or in transit for deposit;

(ii) amounts on demand deposit with banks or other financial institutions; (iii) cash held in imprest funds; and (iv) foreign currencies, which, for accounting purposes, should be translated into U.S. dollars at the exchange rate on the financial statement date.

Other monetary assets include gold, special drawing rights, and U.S. Reserves in the International Monetary Fund. This category is principally for use by the Treasury.

1500	1802 Inventories and related properties	Inventory is tangible personal property that is: (i) held for sale; (ii) in the process of production for sale; or (iii) to be consumed in the production of goods for sale or in the provision of services for a fee. It includes inventory (i.e., items held for sale), operating materials and supplies, stockpile materials, seized and forfeited property, and goods held under price support and stabilization
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programs.

1700	1803 Property, plant and equipment, net	The amount of real and personal property, i.e., land, structures and facilities, construction in progress, purchased and self-developed software, equipment and related improvements that has been capitalized, net of accumulated depreciation, if any. Also includes assets acquired by capital leases and leasehold improvements; and property owned by the agency in the hands of the agency or contractors.
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1900	1901 Other assets	Other assets not included on the lines above.
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1999	Total assets	The sum of lines 1101 through 1207, 1499, 1599, 1604, 1699, 1704, 1799, 1801 through 1901.
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LIABILITIES

Liabilities are to be recognized when they are incurred regardless of whether they are covered by available budgetary resources. This includes liabilities related to appropriations cancelled under "M" account legislation.

Federal liabilities:

These liabilities arise from transactions among Federal agencies. Federal liabilities are claims against the agency by other Federal agencies. The term "federal" can be used interchangeably with the term "intragovernmental" in OMB Bulletin 94-01 "Form and Content of Agency Financial Statements."

2110	2101 Accounts payable	The amounts owed by a Federal agency for goods and services received from, progress in contract performance made by, and rents due to other Federal agencies.
------	-----------------------	---

2140	2102 Interest payable	The amount of interest expense incurred but unpaid on debts to other Federal agencies.
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|
| 2500 2103 Debt The amounts of borrowings from the
| Treasury, the Federal Financing Bank, or
| other Federal agencies.
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|
| 2590 2104 Resources payable Amounts of collections or receivables
| to Treasury that must be transferred to Treasury.
|

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|
| 2900 2105 Other This item represents other liabilities
| that are not recognized in specific
| categories or lines above. This includes
| advances and prepayments received from
| other Federal agencies for goods to be
| delivered or services to be performed
| and deposit fund amounts held in escrow.
|

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|
| Non-Federal liabilities:
|
| These liabilities arise from transactions of an agency of the
| Federal Government with non-Federal entities. Non-Federal
| liabilities are claims against the agency by non-Federal entities.
| The term "non-Federal" can be used interchangeably with the term
| "intragovernmental" in OMB Bulletin 94-01 "Form and Content of
| Agency Financial Statements."

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2110	2201 Accounts payable	The amounts owed by a Federal agency for goods and services received from, progress in contract performance made by, and rents due to non-Federal entities.
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2140	2202 Interest payable	The amount of interest expense incurred but unpaid on debt owed to non-Federal entities.
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2500	2203 Debt	Debt issued to non-Federal entities under general or special financing authority (e.g., Treasury bills, notes, bonds and FHA debentures) .
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2180	2204 Liabilities for loan guarantees	For guaranteed loan financing accounts, report the present value of the estimated cash flows to be paid as a result of loan guarantees. For liquidating accounts, report the amount
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| of known and estimated losses.

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2940	2205 Lease	The present value of the liability for
	liabilities, net	capital leases. A capital lease is one
		that transfers substantially all the
		benefits and risks inherent in the
		ownership of property. This transfer
		occurs if, at the inception of the
		lease, one or more of the following
		criteria exist:
		(1) ownership of the property is
		transferred to the lessee by the end of
		the lease term;
		(2) the lease contains a bargain
		purchase option:
		(3) the lease term is substantially
		(i.e., 75% or more) equal to the
		estimated useful life of the leased
		property; or
		(4) at the inception of the lease, the
		present value of the minimum lease
		payments, with certain adjustments, is
		90% or more of the fair value of the
		property.
		The lessee accounts for such a lease as
		the acquisition of an asset and the
		incurrence of a liability.

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|
|2600 2206 Pension and other For agency-administered pension, health
| actuarial liabilities insurance and similar plans requiring
| actuarial determinations. Report the
| actuarial accrued liability for pension,
| health insurance, and similar plans
| requiring actuarial determination using
| the aggregate entry age normal method.
|
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|
|2210, 2207 Other Other liabilities that are not
|2310, recognized in specific categories.
|2400, Include in this line the total amount
|2920, due non-Federal entities for other
|2990 liabilities that are not included on
| other lines above. This includes:
| --accrued entitlement benefits;
| --advances and prepayments received from
| other non-Federal agencies or the public
| for goods to be delivered or services to
| be performed;
| --deposit fund amounts held in escrow,
| estimated losses for commitments, and
| contingencies if:
| (1) information available before the
| statements are issued indicates an asset

| probably has been impaired or a
| liability incurred as of the date of the
| statements, and

| (2) the amount can be reasonably
| estimated as a specific amount or range
| of amounts, (e.g., the amount of
| employee accrued annual leave, i.e.
| earned but not used, that would be
| funded and paid from future years'
| appropriations).

| Examples of commitments and
| contingencies for which the estimated
| losses would be reported on this line
| are:

| o Insurance--Insurance payments due for
| losses resulting from bank failures,
| crop failures, floods, expropriations,
| loss of life, and similar unplanned
| events.

| o Indemnity Agreements--Reimbursements
| due to licensees or contractors for
| losses incurred in support of Government
| activities.

| o Adjudicated Claims--Claims against the
| Government that are in the process of
| judicial proceedings.

| o Commitments to International
| Institutions--payments due to
| international financial institutions.

2999 Total liabilities The sum of lines 2110 through 2207.

NET POSITION

The components of net position are classified as follows:

3100	3100 Appropriated capital	The portion of the agency's appropriations represented by undelivered orders and unobligated and expired balances. Unobligated balances may include both available and unavailable amounts.
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3200	3200 Invested capital	The net investment of the Government in the reporting agency. Includes the acquisition cost of capitalized fixed assets financed by appropriations; pre-credit reform loans financed by appropriations; the additional investment in a revolving fund to
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|
| commence operations or begin a new
| activity; less the reduction in
| investment due to depreciation,
| amortization, bad debts related to the
| pre-credit reform loans, sales or
| exchanges, donations, other disposals;
| the return of initial investment to an
| investor; or the transfer to another
| agency or revolving fund.
|

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|
| 3300 3300 Cumulative The net difference between (1) expenses
| results of operations and losses and (2) financing sources,
| including appropriated capital used,
| revenues, and gains, since the inception
| of the activity.
|

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|
| 3400 Deficiency Amount provided to eliminate a prior
| appropriation year deficiency.
| requirements (PY-1 and
| PY only)
|

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|
| 3501 3500 Future funding Liabilities reported in the balance
| requirements sheet which are not covered by available

		budgetary resources.

3400,	3600 Other	Other components of net position not
3500,		specifically identified above.
3600		

	3999 Total net	The sum of lines 3100 through 3600.
	position	

	4999 Total	The sum of lines 2999 and 3999.
	liabilities and net	
	position	

The following table is a crosswalk from the new line numbers in MAX schedule F to the old line numbers. Some entries have been aggregated into one line (e.g., inventories; and plant, property and equipment, net). Some are shown on a net basis where they were previously shown on a gross basis (e.g., receivables and allowance for uncollectibles are now shown as receivables, net). Others have been eliminated as separate items and are reported under a different heading. For example, foreign currencies, gold holdings of the U.S. Government, special drawing rights, international reserve assets, and seized

monetary assets are reported as part of "Cash and other monetary assets;" unearned revenue (advances) and deposit funds are reported as part of "Other Federal liabilities."

New	Old	
line	Line	
number	number	Entry

ASSETS

		Federal assets:
1101	1000	Fund balances with Treasury
		Investments in US securities:
1102	1400	Treasury securities, par
1103	1410	Treasury securities, unamortized discount (-), unamortized premium (+)
1104	1420	Agency securities, par
1105	1430	Agency securities, unamortized discount (-), unamortized premium (+)
1106	1100	Receivables, net
1107	1200	Advances and prepayments
		Non-Federal assets:

1201	1440	Investments in non-Federal securities, net
1206	1110	Receivables, net
1207	1210	Advances and prepayments
1401	1800	Direct loans receivable, gross
1402	--	Interest receivable
1403	--	Accounts receivable from foreclosed property
1404	--	Foreclosed property
1405	1805	Allowance for subsidy cost
1499	1809	Net present value of assets related to direct loans
1501	1800	Defaulted guaranteed loans receivable, gross
1502	--	Interest receivable
1504	--	Foreclosed property
1505	1805	Allowance for subsidy cost
1599	1859	Net present value of assets related to defaulted guaranteed loans
1601	1510	Direct loans, gross
1602	--	Interest receivable
1603	1520	Allowance for estimated uncollectible loans and interest
1604	--	Direct loans and interest receivable, net
1605	--	Accounts receivable from foreclosed property
1606	--	Foreclosed property
1699	--	Value of assets related to direct loans
1701	1515	Defaulted guaranteed loans, gross
1702	--	Interest receivable
1703	1520	Allowance for estimated uncollectible loans and interest
1704	--	Defaulted guaranteed loans and interest receivable, net
1705	--	Accounts receivable form foreclosed property
1706	--	Foreclosed property
1799	--	Value of assets related to loan guarantees

1801	1010,	Cash and other monetary assets
	1020,	
	1799	
1802	1399	Inventories and related properties
1803	1699	Property, plant and equipment, net
1901	--	Other assets
1999	1999	Total assets

LIABILITIES

Federal liabilities:

2101	2000	Accounts payable
2102	2100	Interest payable
2103	2699	Debt
2590	--	Resources payable to Treasury
2104	2900	Other

Non-Federal liabilities:

2201	2010	Accounts payable
2202	2110	Interest payable
2203	2620	Debt
2204	2805	Liabilities for loan guarantees
2205	--	Lease liabilities
2206	2799	Pension and other actuarial liabilities
2207	2299,	Other

	2399,	
	2499,	
	2599	
2999	2999	Total liabilities

NET POSITION

3100	--	Appropriated capital
3200	3199	Invested capital
3300	--	Cumulative results of operations
3400	--	Deficiency appropriation requirements (PY-1 and PY only)
3500	--	Future funding requirements
3600	--	Other
3999	3999	Total net position (equity)
4999	--	Total liabilities and net position

36.4. Schedule on the status of contract authority.

When requested by their OMB representatives, agencies will submit a schedule on the status of contract authority for each account reporting contract authority in PY, CY, or BY. The schedules follow the program and financing schedule or, if applicable, the "Summary of budget authority and outlays."

Schedules on the status of contract authority will be submitted in accordance with section 30.1. The CY and BY columns of the schedule will include, on separate lines, the effect of supplemental requests, rescission proposals, and proposed legislation for both contract authority and appropriations to liquidate contract authority. If applicable, reductions in contract authority and unobligated balances of contract authority pursuant to the G-R-H law, as amended, will be shown on separate lines for the current year only.

The schedule will contain the following entries, as applicable, in the sequence shown.

Wording of entry	Description
Balance, start of year	Amount of contract authority for which appropriations to liquidate are not provided or requested at the beginning of the year. Equal to the sum of lines 21.49 and 72.49 of the program and financing schedule.
Contract authority	Amount of contract authority provided
Contract authority, supplemental request	for the period (generally in substantive law). This entry will be consistent with
Contract authority, legislative proposal	the entries on lines 49.xx and 69.xx of the program and financing schedule.
Reduction in contract	Separate entries will be used, as

authority pursuant to Public Law 99-177 appropriate, to report reductions pursuant to Public Law 99-177, as amended, supplemental requests, and legislative program items.

Unfunded balance rescission proposal (-) Amount of contract authority proposed for rescission. Equal to the amount on line 49.35, 49.36, 69.35 or 69.36 of the program and financing schedule for the rescission proposal (transmittal code "5").

Unfunded balance expiring (-) Amount of definite contract authority expiring or withdrawn for which liquidating cash will not be required. This entry will be consistent with amounts on line 25.00 of the program and financing schedule.

Appropriation to liquidate contract authority (-) This amount will represent the appropriation provided or requested to liquidate contract authority. Equal to the sum of lines 40.49 and 60.49 of the program and financing schedule.

Balance of contract authority withdrawn (-)	This withdrawn amount will represent the authority made available by the application of offsetting collections to liquidate contract authority and/or the withdrawal of balances of indefinite contract authority realized through downward adjustments of prior year obligations. Equal to the amounts on lines 32.49 and 68.49 of the program and financing schedule.
---	---

Balance, end of year	Amount of contract authority for which appropriations to liquidate are not provided or requested at the end of year. Equal to the sum of lines 24.49 and 74.49 of the program and financing schedule. The end of year balance will equal the balance at the start of the succeeding fiscal year.
----------------------	--

|36.5. Schedule on the status of funds (MAX schedule J).

|

| (a) General.--A schedule on the status of funds is required to

|report balances, cash income, and cash outgo during PY through BY for

|major trust funds and certain other accounts, as specified in the

|following table. Additional accounts may be subject to these

OPM	Civil service retirement and disability fund
	Employees health benefits fund
RRB	Rail industry pension fund
	Supplemental annuity pension fund
	Railroad social security equivalent benefit fund

The schedule will appear after the narrative statement for the account. All data will be reported under transmittal code zero. The CY and BY columns of the table will include, on separate lines, the effect of supplemental requests, rescission proposals, and proposed legislation. The schedule will contain the following entries, as applicable.

Wording of entry	Description
------------------	-------------

01xx Unexpended balance, start of year: [See special instructions in sec. 36.5(b)]	Amount of unexpended balances brought forward from the previous year. Includes unobligated and obligated balances (lines 21.xx and 72.xx from the program and financing schedule) and balances of unavailable collections, including amounts that are precluded from obligation because of provisions of law such as benefit formulas or limitations on obligations. The amount will be divided between balances that have been
---	---

	invested in U.S. securities and cash
	balances. U.S. securities will be
	reported as U.S. securities (par value)
	and unrealized discounts.

	0199 Total balance, start of Total of the preceding entries.
	year

	02xx Cash income during the Amounts generally will be reported on
	year: line 0200-0296 for each receipt account
	Governmental receipts: (see section 20.1) and identified by the
	Proprietary receipts: title of the receipt account. If
	Intragovernmental appropriate, additional entries below
	transactions: the receipt account level may be used.
	Offsetting governmental For this purpose, data should not be
	receipts: aggregated across receipt accounts.
	Legislative proposals, supplemental
	requests, and rescission proposals will
	be separately identified under the title
	to which they apply, with the stub entry
	modified, as appropriate, to indicate
	the nature of the proposal. In all
	cases, the items will be grouped under
	the appropriate heading describing the
	receipt category (e.g., "Proprietary
	receipts:").
	Note.--The 12-digit account ID code (see

sec. 20.3) of the applicable receipt
account must be entered in MAX, as
described in the MAX User's Guide,
before receipt account data can be
reported in this schedule.

0297 Income under present law Subtotals will be used as necessary for
the income entries above.

0298 Income under proposed 0299 Total cash income
legislation

05xx Cash outgo during the Amounts will be reported on line
year (-) 0500-0596 for the outlays from the trust
fund, identified by the nature of the
transaction, the activity for which the
money was outlaid, or, as appropriate,
the recipient. If more than one account
conducts a program from the receipts in
the trust fund, subheadings will be used
to report the respective accounts
responsible for the outlays from the
fund. Outlays whose levels are
controlled through limitations (e.g.,
administrative expenses) will be
reported as outlays under current law.

	Amounts for outlays under supplemental
	requests, proposed legislation, and
	rescission proposals require separate
	identification and amounts.
	Note.--The 12-digit account ID code of
	the applicable expenditure account must
	be entered in MAX, as described in the
	MAX User's Guide, before outlay data can
	be reported in this schedule.

	0597 Outgo under present law Subtotals will be used as necessary for
	(-) the cash outgo entries above.

	0598 Outgo under proposed 0599 Total cash outgo (-)
	legislation (-)

	07xx Unexpended balance, end Amount of unexpended balances carried
	of year: forward to the next year. Includes
	[See special instructions in unobligated balances, obligated
	sec. 36.5(b)] balances, and balances of unavailable
	collections, including amounts that are
	precluded from obligation. The amount
	will be divided between balances that
	have been invested in U.S. securities
	and cash balances. U.S. securities will
	be reported as U.S. securities (par

| value) and unrealized discounts.

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|0799 Total balance, end of Total year end U.S. securities and cash.

|year

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|

|Commitments against

| unexpended balance; end of

| year:

| 0801 Obligated balance (-) Use only at the direction of OMB.

| 0802 Unobligated balance(-)

| 0899 Total commitments (-) Sum of lines 0801 and 0802.

| 0900 Uncommitted balance, Sum of lines 0799 and line 0899 (a minus

|end of year entry).

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|

| (b) Balance entries (lines 01xx and 07xx).--The third digit will

|always be zero and the fourth digit will separately identify invested

|and uninvested balances, as follows:

|

|

| 0--Treasury balance

| 1--U.S. securities: Par value

| 2--Unrealized discounts (-)

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|

|36.6. Schedule on unavailable collections (MAX schedule N).

|
| (a) General.--A schedule on unavailable collections will be printed
|for:

| --special or trust funds that have unappropriated receipts or
| receipts that are precluded from obligation because of a provision
| of law, such as a benefit formula or limitation on obligations in
| PY, CY, or BY.

| --accounts that have offsetting collections that are unavailable for
| obligation because of limitations on obligations in PY, CY, or BY.

| The schedule is generated from MAX data and generally will appear
|immediately before the program and financing schedule for the affected
|account.

| (b) Data elements required.--Agencies are required to enter into MAX
|schedule N the following information:

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Entry Description
0199 Balance, start of year Total amount of unavailable receipts or
Use only for the past year offsetting collections at the beginning
of the past year. Should be consistent
with the amount reported on the
Department of Treasury's "Unappropriated
Receipts Trial Balance," Treasury Fiscal
Service Form 6655. Entry will not
differentiate between invested and
uninvested amounts.
0610 Unobligated balance Unobligated balances of appropriations

|returned to receipts that are returned to the receipt account
| (including deobligations in expired
| appropriation accounts) and are
| available for subsequent appropriation
| action.

|0620 Reduction pursuant to Reductions in budget authority that are
|Public Law returned to the receipt account pursuant
|xxx-xxx to G-R-H or other law.

|Use only for the current year

|-----

| The rest of the information required to produce the schedule on
|unavailable collections will be derived from data in MAX schedules P
|and R.

| The automatically generated schedule will contain the following
|entries, as applicable, in the sequence shown:

|
|
|-----

Entry	Description
-------	-------------

Balance, start of year	Total amount of unavailable receipts or offsetting collections at the beginning of the year. Equal to the balance brought forward from the preceding year.
------------------------	--

|-----

Receipts	Amounts of new receipts deposited in receipt accounts during the year, as
----------	---

| reported in MAX schedule R. If receipts
| from more than one source are available
| for appropriation for the same purpose,
| separate subentries will identify the
| amount collected from each source.

|-----

|Offsetting collections Amount of new offsetting collections
| credited to appropriation or fund
| accounts that are unavailable for
| obligation because of limitations. Equal
| to amounts on line 68.45 of the program
| and financing schedule.

|-----

|Total: Balances and Sum of start of year balance; receipts;
|collections and offsetting collections.

|-----

|Appropriations (-) Amount appropriated or estimated to be
| appropriated. Will exclude amounts
| precluded from obligation in a fiscal
| year because of provisions of law such
| as benefit formulas or limitations on
| obligations. Will include the amount
| that becomes available for obligation
| from balances of receipts that were
| previously unavailable. If more than one
| appropriation is made from a single

	receipt account, separate subentries
	will identify each appropriation
	involved.
	For accounts with limitations on the use
	of offsetting collections, will equal
	the amount of spending authority from
	balances of offsetting collections
	previously credited to the account but
	unavailable for obligation, to the
	extent that the amounts become
	available.

	Unobligated balance returned Unobligated balances of appropriations
	to receipts that are returned to the receipt account
	and are available for subsequent
	appropriation action.

	Reduction pursuant to Public Reductions in budget authority that are
	Law xxx-xxx returned to the receipt account pursuant
	to G-R-H or other law.

	Balance, end of year Total amount of unavailable receipts or
	offsetting collections carried forward
	at the end of the year.

|
|36.7. Budget plan schedule (MAX schedule D).
|

| A special schedule on obligations for PY-BY is submitted by the
|Department of Defense-Military only. The schedule will appear
|immediately following the program and financing schedule for affected
|accounts.

| Data will be reported using the entries indicated below. In the MAX
|system, subtotals and totals (indicated by boldface type) will be
|automatically generated.

|-----
Entry Description

|Direct program: Amount of obligations incurred or
|06xx, 07xx estimated to be incurred from an
| [List individual activities appropriation, regardless of the timing
|for which data are reported.] of the obligations, for direct program
| activities. In other words, for a
| multi-year appropriation, report total
| obligations to be incurred during the
| entire period of availability in the
| year in which the appropriation is
| enacted.)
| The third and fourth digit of the line
| number will take on the values of 01
| through 89 to identify direct program
| activities in the budget plan.

	The value 91 will be used for subtotals
	of direct program activities, as
	follows:
	0691--subtotal for activities coded 0601
	through 0689.
	0791--subtotal for activities coded 0701
	through 0789.
xx91 Subtotal, direct	Subtotals are required only if there are
	multiple entries within the subgroupings
	listed above.

0801 Reimbursable program	Amount of obligations incurred or
	estimated to be incurred from an
	appropriation, as defined above, for
	reimbursable activities. Report data on
	reimbursable programs as a single entry.

0893 Total budget plan	Total obligations reported in the budget
	plan.

Data on Financial Management Activities

40.1. General.

Section 205 of the Chief Financial Officers Act of 1990 makes the agency Chief Financial Officer (CFO) responsible for the preparation and revision of the agency's financial management plan, and for development of the agency's financial management budget. Building on this statutory requirement, OMB issued guidance (OMB memorandum M-91-07) that requires agency CFOs to approve agency plans, budget formulation, and legislation affecting financial management resources at both the agency and agency-component levels.

Information on funding levels for financial management activities is required for oversight and review of agency resources devoted to these activities and to assist OMB in preparing the Government-wide 5-year financial management plan required by the CFOs Act. This information, which represents inputs to the financial management function, will be reviewed in connection with other information submitted by agencies describing their performance in the financial management function (see section 15.4) and will be discussed with agencies.

For these purposes, agencies are required to submit reports on resources for:

- financial management activities (see section 40.2); and
- | --financial management systems (see section 40.3).

40.2. Report on resources for financial management activities.

(a) Materials required.--Each agency covered by the CFOs Act is required to report budget authority and full-time equivalent (FTE) employment data for CY and BY for each of the following categories of financial management activities:

- | --asset management;

| --accounting and reporting;

| --audits of financial statements; and

| --financial management systems.

| Resources for both the CFO organization and other agency components involved in financial management activities should be included, without separate identification.

| An original and two copies of the report, in the format of exhibit 40A, are required by September 9 (see section 10.3). The report should be reviewed by the agency CFO before submission to OMB. Revised materials, reflecting final budget decisions, should be submitted promptly after those decisions are made.

(b) Definitions of data to be reported.--Budget authority and FTE employment data will be reported for the entries described below. Resource estimates for financial management systems should be consistent with information submitted in exhibit 40B. Resource information not based on other requirements of this Circular or on other easily-identifiable information should represent the agency's best estimate of salaries, contracts, or other major expenses to be reported. Allocation of overhead expenses is not required.

Entry	Description

1. Asset management	Includes resources for administrative expenses for credit programs consistent with the levels reported for credit program accounts under credit reform (i.e., amounts requested as a separate appropriation for administrative expenses in

credit program accounts); resources devoted to debt collection for non-credit receivables; resources devoted to cash management; and resources devoted to property and inventory management and control.

2. Accounting and reporting	Includes resources for processing and recording of revenues, receipts, appropriations, apportionments, allotments, obligations, outlays, expenditures, assets, liabilities, and other financial transactions; reconciliation of asset and liability accounts, such as accounts or loans receivable, with subsidiary records and with external data, such as Treasury cash records; and funds control.
-----------------------------	---

3. Audits of financial statements 	Includes resources for performing audits of financial statements, with separate identification for contract and in-house costs, as detailed in exhibit 40A. Data on preparation of financial statements are not required.
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4. Financial management systems	Includes resources for financial management systems, which consist of financial systems and financial portions of mixed systems necessary to support financial management. (See definitions of financial management systems in section 40.3) Data reported should be consistent with information reported on exhibit 40B.
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5. Subtotal Include the sum of amounts reported on lines 1
 through 4.

6. Adjustments (-) Include adjustments to eliminate doublecounting.

 For example, costs for a loan system reported
 under the "asset management " category may also be
 reported under the "financial management systems"
 category (consistent with reporting instructions
 for exhibit 40B). A list of the adjustments
 should be prepared, reviewed by the agency CFO,
 and provided as an attachment to exhibit 40A.

7. Total, net Equals the total of amounts on lines 5 and 6 (a
 minus entry).

40.3. Report on financial management systems.

(a) Definitions.--For reporting purposes, agencies will use the following definitions.

An information system is the organized collection, processing, transmission, and dissemination of information in accordance with defined procedures. Information systems include non-financial, financial, and mixed systems, as defined below.

| A financial management system initiative requires a budgetary
| investment that: a) creates a new system (a system that automates
| previously manual functions or functions not previously performed by

the agency), b) replaces an existing system or set of systems, or c) upgrades an existing system or set of systems (where an upgrade provides major enhancements to a system or systems that add significant functionality).

A financial management system consists of financial systems and the financial portions of mixed systems necessary to support financial management.

A financial system is an information system, comprised of one or more applications, that is used for any of the following:

- collecting, processing, maintaining, transmitting, and reporting data about financial events;
- supporting financial planning or budgeting activities;
- accumulating and reporting cost information; or
- supporting the preparation of financial statements.

A financial system supports the financial functions required to track financial events, provide financial information significant to the financial management of the agency and/or required for the preparation of financial statements.

A financial event is any occurrence having financial consequences to the Federal Government related to the receipt of appropriations or other financial resources; acquisition of goods or services; payments or collections; recognition of guarantees, benefits to be provided, or other potential liabilities; or other reportable financial activities.

A mixed system is a system that supports both financial and nonfinancial functions of the Federal Government or components thereof.

A non-financial system is a system that supports non-financial functions of the Federal Government or components thereof and any financial data included in the system are insignificant to agency

financial management and/or are not required for the preparation of financial statements.

| (b) Materials required.--Agencies will prepare a report, in the
| format of exhibit 40B, providing information on financial management
| systems, in accordance with the requirements in this subsection.

Financial management systems covered include core financial systems as described in the JFMIP Core Financial Management Systems Requirements Document; financial and mixed systems critical to effective agency-wide financial management, financial reporting, or financial control; and financial and mixed systems appearing on the high risk list in the most recent President's budget. The report will provide information on obligations for PY and on budget authority and FTE employment for CY through BY. Data on non-financial systems are not required.

| For each financial management system listed, agencies will indicate
| if it is a financial or mixed system. An estimated percentage of the
| total system obligations associated with the financial components of
| the system must be reported. Estimated percentages must be based on a
| reasonable assessment of the proportion of the system that is
| financial.

Agencies will also indicate whether each listed financial management system is a new system or includes an upgrade to an existing system. If the financial management system includes an upgrade, agencies will identify the percentage of the system cost for the upgrade. FTE employment should include Federal employees identified as directly designing, developing, operating, or maintaining the system.

| An original and two copies of the report are required by September
| 9. The report should be reviewed by the agency CFO before submission
| to OMB. Revised materials, reflecting final budget decisions, should

|be submitted promptly after those decisions are made.

Information on High Risk Areas

41.1. Updating high risk areas.

Information on high risk areas is required for oversight and review of agencies' actions to correct weaknesses or deficiencies and to determine funding levels. Agencies should prepare the required information based on the high risk area list in the latest annual budget and the most recent information provided to OMB on correcting high risk areas. If agencies believe that management initiatives should be added to the high risk list, they should contact their OMB representative.

(a) Materials required.--Agencies with high risk areas on the OMB list are required to submit the information described below on high risk activities for CY and BY. Additional information may also be required by OMB representatives.

An original and two copies of a schedule providing the following information are required, in the format of exhibit 41, for CY and BY:

- the title of the high risk area;
- the size of the program affected by the high risk area;
- a brief description and, where possible, a quantification of the amount "at risk" (as defined below);
- the "management investments" or funding levels for actions to correct high risk areas; and
- a narrative explanation for the CY funding level and a narrative justification for the BY amounts.

The schedule is required to be submitted by September 9.

(b) Definitions.--Agencies will identify the program size, which may be the appropriation or funding level for the program as a whole, or for the system or inventory affected by the high risk area. For example, for the high risk area "Medicaid Management Systems", the program size is the appropriation for the Medicaid program; for "DOD Departmental and Service Contract Administration Controls over DOD Property in Private Contractor Possession", the program size is the estimate of Federal property in possession of DOD contractors.

Agencies will also describe the effect of the high risk problem on the Federal government, including, where possible, quantification of the amount "at risk", (i.e., the potential dollar loss associated with failure to address the high risk area), and a description of the methodology used to develop the "at risk" amount. There is no standard methodology for computing amounts "at risk". Ideally, agencies should report the value of the Federal resources at risk, or a range or order of magnitude of the risk, if appropriate (see exhibit 41).

The schedule will identify management investments or funding included in budget estimates for corrective actions in the high risk areas. For reporting purposes under this section, management investments are the critical, marginal funding levels needed to ensure that program funding is spent efficiently and effectively.

The schedule should list by title and identification code (see section 20.3) the accounts that fund these management investments and the budget authority associated with each account.

Data on Acquisition, Operation, and Use of Information Technology

43.1. Purpose.

Data on acquisition, operation, and use of information systems are collected for oversight of the acquisition and use of automatic data processing equipment, telecommunications, and other information technology to manage information resources, as required by the Paperwork Reduction Act of 1980.

43.2. Materials required.

(a) Agency-wide summary on obligations for information technology.--Agencies that obligate more than \$50 million in any of the years PY, CY, or BY for information technology activities are required to submit a report in the format of exhibit 43 on obligations for information technology for the agency as a whole. The report is to be submitted after final budget decisions are made.

The report will provide information on workyears and obligations for information technology activities. It will include obligations for: planning, including requirements, feasibility, and benefit-cost studies; system design, development, and acquisition; voice and data telecommunications requirements, regardless of whether or not they are associated with an information system's installation, operations, maintenance, and support.

The data reported should include all automatic data processing equipment as the term is defined in section 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 759) and applicable GSA regulations (41 CFR chapter 21). Amounts will be shown in thousand of dollars

Explanations of the information requested are shown below, along with the object class in which the items are classified (see section 35.5):

Item	Explanation	Object Class
1. Equipment	Any equipment or interconnected system or subsystem of equipment used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information.	
A. Capital purchases	Capital investments for equipment for data processing and telecommunications, such as supercomputers, mainframes, mini-computers, microcomputers, analog and digital private branch exchanges (PBX), ancillary equipment, such as disk drives, tape drives, plotters, printers, storage and back-up devices cable-connected to computers, digital imaging equipment, optical storage and/or retrieval equipment, (e.g., optical character recognition devices, computer-generated microfilm and other	31.0

	data acquisition devices), punch card	
	accounting equipment, and office	
	automation equipment that was designed	
	for use in conjunction with or	
	controlled by a computer system;	
	telecommunications networks and related	
	equipment, such as voice communications	
	networks, data communications networks,	
	local area networks, terminals, modems,	
	data encryption devices, fiber optical	
	and other communications networks,	
	packet switching equipment, terrestrial	
	carrier equipment (e.g., multipliers and	
	concentrators), lightwave, microwave or	
	satellllite transmission and receiving	
	equipment, telephonic (including	
	cellular and other hand held devices)	
	equipment, and facsimile equipment. Does	
	not include furniture, typewriters,	
	copiers, calculators, or	
	microfilm/microfiche equipment.	
B. Other equipment	Non-capital purchases or leases for	23.3 and
purchases/leases	equipment as defined above.	31.0

2. Software	Any software, including firmware,	
	specifically designed to make use of and	
	extend the capabilities of Federal	

	Information Processing (FIP) equipment	
	identified in item 1 above.	
A. Capital	Software purchases (including one-time	31.0
purchases	obligations for long-term licenses) or	
	leases costing \$25,000 or more for	
	system programs (e.g., control and	
	library programs, assemblers, compilers,	
	interpreters, utility programs,	
	sort-merge programs, and	
	maintenance-diagnostic programs);	
	application programs; and	
	commercial-off-the-shelf (COTS) software	
	(e.g., word processing, communications,	
	graphics, file-management and database	
	management system software). Software	
	also includes independent subroutines,	
	related groups of routines, sets or	
	systems of programs; databases; and	
	software documentation.	
B. Other software	Software purchases or leases costing	23.2,
purchases/leases	less than \$25,000.	25.2,
		25.3, and
		26.0

3. Services	Any service, other than support	23.1,
	services, performed or furnished by	23.2,

	using the equipment or software	23.3, and
	identified in items 1 and 2 above.	25.2
	Services include teleprocessing, local	
	batch processing, electronic mail, voice	
	mail, centrex, cellular telephone,	
	facsimile, and packet switching of data.	

4. Support services	Any commercial services, including	25.2 and
	maintenance, used in support of	32.0
	equipment, software, or services	
	identified in items 1, 2, and 3 above.	
	Support services include source data	
	entry, training, planning for the use	
	and acquisition of information	
	technology, studies (e.g., requirements	
	analysis, analyses of alternatives, and	
	conversion studies), facilities	
	management of government-furnished	
	information technology, custom software	
	development, system analysis and design,	
	and computer performance evaluation and	
	capacity management.	

5. Supplies	Any consumable item designed	25.2,
	specifically for use with equipment,	25.3, and
	software, services, or support services	26.0
	identified in items 1, 2, 3, and 4,	

| above.

| -----

6. Personnel	Includes the salary (compensation) and	11.1
(compensation and	benefits for government personnel (both	through
benefits)	civilian and/or military) who perform	12.2
	information technology functions 51% or	
	more of their time. Functions include	
	but are not limited to policy,	
	management, systems development,	
	operations, telecommunications, computer	
	security, contracting, and secretarial	
	support. Personnel in user organizations	
	who simply use information technology	
	assets incidental to the performance of	
	their primary functions are not to be	
	included.	

| -----

7. Other (DOD use	Include items not otherwise reported in	
only)	items 1 through 6 above.	

A. Capital	Items costing \$25,000 or more.	
------------	---------------------------------	--

| purchases

B. Other purchases	Items costing less than \$25,000	
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| -----

8.	Payments for all information technology	23.3,
Intra-governmental	services within agencies, between	23.5, and
payments	executive branch agencies, judicial and	41.0

| legislative branches, and State and
| local governments. (Within DOD, the
| military services and Office of the
| Secretary of Defense are considered
| agencies for this purpose e.g., between
| DOD components between activities within
| a DOD component.)
|

|-----

|9. Collections for all information
|Intra-governmental technology services within agencies,
|collections (-) between executive branch agencies,
| judicial and legislative branches, and
| State and local governments. (Within
| DOD, the military services and office of
| the Secretary of Defense are considered
| agencies for this purpose, e.g., between
| DOD components and between activities
| within a DOD component.)
|

|-----

|10. Total The sum of items 1 through 9 above
|obligations
|

|-----

|11. Workyears Estimated number of workyears associated
| with the civilian and/or military

personnel reported in item 6 above.

(b) Benefit-cost analysis for information systems.--OMB Circular No. A-130 requires agencies to prepare benefit-cost analyses for all proposed investments in information systems at a level of detail appropriate to the size of the investment the project will require. OMB may require agencies to submit copies of these benefit-cost analyses for any information system initiative contained in the agency budget request.

Information on Research and Development

44.1. General.

Information on research and development (R&D) programs, including crosscutting R&D and technology transfer activities, is required for review of agency requests, Government-wide resource allocation, and preparation of budget material on research and development. To permit a more complete understanding of the budgetary resources devoted to R&D areas supported by more than one agency, each year a number of such areas may be selected for special "crosscutting reviews." Information on these areas is required to supplement the information provided in the agency budget submission to OMB and in the general R&D exhibits.

Agencies are required to submit an R&D exhibit for each of the agency's organizational components designated by OMB. In addition, agencies are required to report crosscutting R&D and technology

transfer information if the level of budget authority or outlays for the agency exceeds the following thresholds in any of the years covered.

- R&D levels exceeding \$1 million for individual crosscutting areas require crosscutting R&D exhibits. A consolidated summary is required where the total amounts reported for crosscutting R&D activities exceed \$100 million dollars.

- R&D levels exceeding \$10 million and technology transfer levels exceeding \$100 thousand require a consolidated exhibit on technology transfer activities for the whole agency and a separate schedule for each Government-owned Government-operated (GOGO) and Government-owned contractor-operated (GOCO) laboratory. (Agencies should use the laboratory designations established in the 1989 General Accounting Office survey "Implementation of the Technology Transfer Act" for general guidance.)

44.2. Definitions.

Research and development broadly covers the work performed by a Government agency or by private individuals or organizations under a contractual or grant arrangement with the Government. It includes R&D in all fields, including education and the social sciences, as well as the physical sciences, engineering, etc.

- Research is systematic study directed toward fuller scientific knowledge or understanding of the subject.

- Development is systematic use of the knowledge and understanding gained from research for the production of useful materials, devices, systems, or methods, including the design and development of prototypes and processes.

Research and development excludes routine product testing, quality control, mapping, collection of general purpose statistics, experimental production, routine monitoring and evaluation of an operational program, and the training of scientific and technical personnel.

This definition of research and development is the same as that used for the National Science Foundation Annual Survey of Federal Funds for Research, Development, and Other Scientific Activities. Information reported under this section should be reconcilable with the more detailed information subsequently reported in the annual survey.

Technology Transfer consists of efforts and activities intended to result in the application or commercialization of Federal laboratory-developed innovations by the private sector, State and local governments, and other domestic users. These activities may include, but are not limited to:

- Technical/cooperative interactions (direct technical assistance to private sector users and developers; personnel exchanges; resource sharing; and cooperative research and development agreements);
- Commercialization activities (patenting and licensing of innovations and identifying markets and users); and
- Information exchange (dissemination to potential technology users of technical information: papers, articles, reports, seminars, etc.).

44.3. Materials required.

Data for general R&D, crosscutting R&D, and technology transfer will be submitted electronically via the MAX system. Your agency will be provided instructions on how and when to access and accomplish data

entry. Some agencies, particularly those with large R&D programs, may also be requested by OMB to provide additional data aggregated at different levels of detail from those required below (e.g., Department of Defense, National Aeronautics and Space Administration, and Department of Health and Human Services).

The general R&D and technology transfer exhibits will cover PY through BY. All exhibits will include, without separate identification, amounts proposed for supplementals, rescissions, or legislative proposals.

Each exhibit should contain the date of preparation and the name and telephone number of an individual responsible for answering questions concerning that exhibit.

Revised materials, reflecting budget decisions and other changes in the initial submissions, should be submitted promptly after such decisions and changes have been made.

(a) General R&D exhibits.--This exhibit will be prepared in the format of exhibit 44A.

The exhibits will report budget authority and outlays. Amounts will be reported in thousands. Amounts reported for outlays will equal the corresponding outlay amounts reported for R&D in MAX schedule C (see section 25.4).

The entries on the following table will be used in reporting the data required for exhibit 44A. Care should be taken to ensure that allocations across the basic, applied, and development categories are consistent with your agency's historical interpretation of these R&D definitions.

Entry	Description

Basic research	<p>Systematic study directed toward greater knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications towards processes or products in mind. Budget authority and outlays reported here shall equal those reported under character classification codes 1411 and 1412 in MAX schedule C (see section 25.4). Includes all normal operating expenses, such as salaries, supplies, noncapitalized equipment and contractual services; excludes construction of facilities and other items reported under "R&D facilities".</p>
Applied research	<p>Systematic study to gain knowledge or understanding necessary for determining the means by which a recognized and specific need may be met. Budget authority and outlays reported here shall equal those reported under character classification codes 1421 and 1422 in MAX schedule C (see section 25.4). Includes all normal operating expenses, such as salaries, supplies, noncapitalized equipment and contractual services; excludes construction of facilities and other items reported under "R&D facilities".</p>
Development	<p>Systematic application of knowledge toward the production of useful materials, devices, and</p>

systems or methods; including design, development, and improvement of prototypes and new processes to meet specific requirements. Budget authority and outlays reported here shall equal those reported under character classification codes 1431 and 1432 in MAX schedule C (see section 25.4). Includes all normal operating expenses, such as salaries, supplies, noncapitalized equipment and contractual services; excludes construction of facilities and other items reported under "R&D facilities".

R&D facilities	Includes the acquisition, design, and construction
	of, or major repairs or alterations to all
	physical facilities for use in R&D activities.
	Facilities include land, buildings, and fixed
	capital equipment regardless of whether the
	facilities are to be used by the Government or by
	a private organization, and regardless of where
	title to the property may rest. Includes such
	fixed facilities as reactors, wind tunnels, and
	particle accelerators. Excluded from the R&D
	facilities category are expendable or moveable
	equipment (e.g., spectrometers, microscopes) and
	office furniture and equipment. Also excluded are
	the costs of pre-design studies (e.g., those
	undertaken before commitment to a specific
	facility). These excluded costs should be reported
	under "Total, conduct of research and
	development". Budget authority and outlays

	reported here shall equal those reported under
	character classification codes 1311, 1312, 1321,
	and 1322 in MAX schedule C (see section 25.4).
Conduct of R&D performed by colleges and universities	Subset of the above total. Represents amounts for R&D performed by institutions engaged primarily in providing instruction for at least a 2-year program above the secondary school level. Included are colleges of liberal arts; schools of arts and sciences; professional schools (such as in engineering and medicine); affiliated hospitals and associated institutes; and agricultural experimental stations (excludes federally funded research and development centers).
Indirect costs related to R&D performed by colleges and universities.	Indirect costs are classified as "Administration" or "Facilities" costs that are incurred for common or joint objectives, and therefore, cannot be identified with a particular sponsored project. Facilities costs are defined as depreciation and use allowances, interest on debt associated with a certain building, equipment and capital improvements, and operations and maintenance. Administration costs are defined as general administration. See OMB Circular A-21 "Cost Principles for Educational Institutions" for further definition and guidance on indirect costs.
Merit reviewed	Intramural and extramural research programs where

| scientific research funded activities are chosen from a pool of
| with peer qualified applicants following review by a set of
| evaluation and (scientific) peers for merit. To meet the
| competitive criterion of peer evaluation, the merit reviewed
| selection activities must be reviewed by appropriately
| qualified scientists and engineers outside the
| decision-making or supervisory chain. To meet the
| criterion of competitive selection, applicants
| must not be prohibited from applying by unduly
| restrictive criteria. The pool of funds within
| which the competition takes place may be
| reasonably broadly defined. Sole source activities
| are excluded.

| (b) Crosscutting R&D exhibits.--Exhibits will be prepared for each
| crosscutting R&D priority areas identified by the National Science and
| Technology Council. Agencies will be provided with a list of priority
| areas, definitions, instructions, and a reporting format prior to the
| first data request. Data should be reported on all activities funded
| by the agency, regardless of performer. For reimbursements and other
| transfers between agencies, the agency that benefits from the R&D
| outlay will report the R&D data. Data in this section should include
| all normal operating expenses, e.g., salaries, supplies, etc.,
| consistent with other R&D data reported in this section. These data
| will be submitted to OMB electronically. Other crosscutting R&D topics
| may be requested by OMB.

(c) Technology transfer exhibits.--An exhibit summarizing agency
technology transfer data is required for each agency with R&D levels

(budget authority or outlays) exceeding \$10 million and technology transfer activities (budget authority or outlays) of more than \$100 thousand. These schedules will be prepared in the format of exhibit 44B and entered electronically.

The following information will be submitted, with dollar amounts reported in terms of budget authority and in thousands:

Budget Information:

Funds allocated to technology transfer;

Funds allocated to operation of Research and Development

Application Offices (ORTAs), including salaries;

Funds allocated to Federal Laboratory Consortium (FLC);

Amount of royalties and other income received from all licenses;

Amount of royalties and other income received from licenses

developed in Government-owned laboratories;

Amount of royalties paid to Federal employee inventors and

Government contractor inventors (include amount for each category)

for inventions developed in Government-owned laboratories;

Amount of other cash awards paid to Federal employee inventors and

Government contractor inventors; (include amount for each category)

for inventions developed in Government-owned laboratories;

Number of full-time equivalent staff positions, both professional

and support, assigned to ORTAs;

Cooperative Research and Development Agreements:

Value, cash and non-cash (facilities, equipment, salaries), of all

Cooperative Research and Development Agreements (CRADAs) active in
fiscal year;

Value, cash and non-cash (facilities, equipment, salaries), of

CRADAs in which at least one partner is a foreign business entity (a foreign business entity is owned or foreign controlled directly or indirectly, 50% or more of the stock or ownership is held by foreign citizens or nationals, or is organized under the laws of a foreign government);

Value, cash and non-cash (facilities, equipment, salaries), of CRADAs with small businesses;

Amount of Federal funds invested in CRADAs;

Amount of non-Federal funds invested in CRADAs;

Number of all CRADAs active in fiscal year;

Number of active CRADAs in which at least one partner is a foreign business entity; and

Number of active CRADAs with small businesses.

Measures of Productivity:

Number of invention disclosures;

Number of patent applications;

Number of exclusive licenses awarded;

Number of non-exclusive licenses awarded;

Number of titles assigned;

Number of new companies formed

Information on Drug Control Programs

45.1. General.

Information on drug control programs is required for oversight and

review of agency requests and for Government-wide resource allocation. Drug control programs involve activities directed toward reducing the demand for and supply of drugs. They include programs that:

- enforce, prosecute, and incarcerate individuals involved in the illegal distribution of drugs;
- are aimed at discouraging the use of drugs; or
- treat individuals for substance abuse.

Agencies with budget authority or outlays for drug control programs that exceed \$500,000 in any of the years from PY through BY+4 are required to submit the materials described in section 45.2.

45.2. Materials required.

An original and two copies of the following materials are required with the initial submission (see section 10.3):

- a schedule of drug control data by program;
- a ranking of priorities;
- a schedule providing account-level data on drug control programs;
- a schedule providing Federal employee drug-free workplace cost data; and
- a narrative statement.

Budget authority and outlay amounts will be shown in millions and tenths. Data reported must be consistent with agency submissions to the Office of National Drug Control Policy (required by Public Law 100-690). Revised materials, reflecting final budget decisions and other changes in the initial submission, should be submitted promptly after such decisions and changes have been made.

All required materials should have, in the lower right hand corner, the date of preparation and the name and telephone number of an

individual responsible for answering questions concerning the information provided. Additional information may also be required by OMB representatives.

(a) Drug control data by program.--Agencies will prepare a schedule, in the format of exhibit 45A, that provides for PY through BY+4:

- the budget authority, outlays, and FTE levels for each program or program activity of the agency with drug control activities;
- within the program, separate identification of the levels for drug control activities; and
- the percentage of the program devoted to drug control activities.

Programs or program activities listed in this schedule will be consistent with agency budget justification materials provided to OMB in last year's budget submission under section 15.2 of this circular.

(b) Ranking.--A consolidated list, ranked in decreasing order of priority, of drug control programs or program activities and related funding levels for BY is required in a format that includes identification of the program or program activity and budget authority, outlays, and FTE levels associated with each item.

(c) Drug control data by account.--Agencies will prepare a schedule in the format of exhibit 45B that provides budget authority, outlays, and FTE associated with drug control activities by account and drug control function for PY through BY+4.

Drug control functions are defined as follows:

Entry	Description

Interdiction	Activities designed to inhibit drugs or drug

traffickers from infiltrating the borders of the United States by targeting the transportation link between the foreign supply and the U.S. border. Specifically, interdiction focuses on detecting, sorting, intercepting, tracking, and apprehending shipments of illegal drugs as they move from their departure zones in source countries along smuggling routes to the U.S. air, land, and sea borders.

Investigations	Activities designed to immobilize illegal drug trafficking organizations by arresting their leaders and seizing their drugs and assets.
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International	Activities primarily focused on or conducted in foreign countries whose purpose is to eradicate crops, seize drugs as close to the source as possible, arrest and prosecute major traffickers, destroy processing capabilities, provide alternative sources of income to farmers who abandon the cultivation of drug crops, reduce the demand for drugs, and/or broaden the response to the global drug problem by involving other nations in efforts to control the supply of and demand for drugs.
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Prosecution	Activities designed to immobilize drug trafficking and money laundering organizations by prosecuting their members, forfeiting their assets, divesting
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them of their power, and, as appropriate,
extraditing, deporting, and excluding their
members.

Corrections

Activities associated with the incarceration
and/or monitoring of individuals charged with
violation of drug laws.

Intelligence

Activities or programs whose primary focus is to
provide intelligence to law enforcement entities
to further their ability to accomplish their
mission. These include determining the drug
intelligence needs of the drug enforcement
agencies, improving intelligence collection
efforts, maintaining and integrating systems for
storage, retrieval, and sharing of intelligence
information, improving intelligence analysis and
estimation for tactical, operational, and
strategic purposes, and ensuring the timely
dissemination of drug intelligence products.

State and local
assistance

Financial or technical assistance to State and
local law enforcement entities or Federal
activities whose primary purpose is to assist
State and local law enforcement entities in their
efforts to investigate, arrest, prosecute, or
incarcerate drug offenders, or otherwise reduce
the supply of illegal drugs.

Law enforcement research and development	Activities intended to improve the capacity, efficiency, or quality of law enforcement activities.
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Regulatory and compliance	Activities focused on ensuring that Federal laws and regulations governing the handling, manufacturing, distribution, etc., of controlled substances are properly followed.
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Prevention	Activities focused on discouraging the first-time use of controlled substances and encouraging those using illicit drugs to cease their use. These activities include supporting the collection of up-to-date information about trends in drug use and research findings, providing information to parents, schools, community groups, etc., to promote effective prevention efforts and to increase knowledge about drug abuse, providing financial or technical assistance to State, local, or private efforts to discourage drug use, encouraging communities to implement comprehensive responses to drug use, promoting individual responsibility and involvement in drug prevention, enlisting public figures as role models, and promoting the policy of drug-free workplaces. These activities also include drug testing. Amounts for prevention research should be identified separately under this function.
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Treatment Activities focused on assisting users of controlled substances to end their addiction. These include counseling services, in-patient and out-patient treatment care, research into effective treatment modalities, etc. Amounts for treatment research should be identified separately under this function.

(d) Federal employee drug-free workplace program.--Agencies will prepare a schedule in the format of exhibit 45C to provide information on the drug testing component of the agency's Federal drug-free workplace program (reported under the prevention function) for PY through BY. The schedule will report the total number of units processed, the total obligations, and the average cost per unit for each of the following:

- sample collection;
- lab tests: initial and confirmation;
- medical review officer costs;
- quality control samples;
- other costs directly associated with the testing component of the drug-free workplace program; and
- administrative costs.

(e) Narrative statement on drug control programs.--A narrative statement that describes the agency's drug control programs for CY through BY+4 will accompany the schedules of drug control data by program and account (exhibits 45A and 45B), the ranking, and the schedule on the Federal employee drug-free workplace program (exhibit

45C). The statement should explain increases and decreases in funding levels and major program, policy, or strategy changes proposed in the budget year.

The purpose of the statement is to explain the policy justification and analytical basis for the programs and levels requested, including applicable data and research findings. In support of this justification, agencies should submit to OMB specific data relating to the performance of its drug control programs, effectiveness measures used to assist in the evaluation of overall program effectiveness and in determining the requested levels.

Agencies should be aware that cross-cutting comparisons of agency requests will be conducted by OMB. As a result, the narrative statement should include evidence of cooperative development of complementary requests among the major agencies involved.

If this information is discussed adequately in other justification material submitted to OMB, the narrative statement should reference the applicable material.

For programs that are not completely devoted to drug control activities, agencies will provide a detailed description of the methodology used to prepare the estimates of these activities.

Where drug control programs do not coincide with the budget account structure, a table will be prepared to show the relationship.

Amending Requests After Transmittal of the Budget: Supplementals and Amendments

61.1. General policies.

After the President's budget has been transmitted to Congress, appropriations requests may be transmitted separately to revise the original budget request for the current or budget year or to provide proposed appropriations language for legislative initiatives (e.g., items included in the budget as proposed for later transmittal).

All proposed revisions must conform to the policies of the President. The requests may be for additional amounts or in the form of proposed changes in appropriations language that do not affect amounts previously requested, such as a change in a limitation on the use of revolving or trust funds. These requests may be either supplementals or amendments depending upon when they are transmitted (see section 61.2).

Agencies should make every effort to postpone, until the following fiscal year, actions that would require supplemental appropriations. However, proposals that decrease or eliminate amounts will be submitted whenever such changes are warranted. Requests for supplementals and amendments that increase the amounts contained in the budget will be accompanied by proposals for reductions elsewhere in the agency (e.g., rescission proposals).

Requested supplementals and amendments, including proposed changes in administrative expense limitations or authorizations of Government corporations and trust funds, will be considered only when:

- existing law requires payments within the fiscal year (e.g., pensions, entitlements);
- liability accrues under the law and it is in the Government's interest to liquidate the liability as soon as possible (e.g., claims on which interest is payable);
- an emergency situation arises that requires unforeseen outlays for the preservation of life or property;

--increased workload is uncontrollable except by statutory change;
or

--new legislation enacted after the submission of the annual budget
will require additional funds within the fiscal year.

Consideration of agency proposals for supplementals or amendments
that are not transmitted in the annual budget normally takes a
minimum of three weeks in OMB and the White House; agencies should
allow for this timing when making requests.

61.2. Definitions.

Supplementals are new appropriations requests that are transmitted
after completion of action on an appropriations bill by the
Appropriations Committees of both Houses, whether or not the
appropriations have been enacted. They may be transmitted prior to or
subsequent to transmittal of the succeeding annual budget document.
These supplementals may be:

- New supplementals, requesting additional amounts not previously
anticipated; or
- Supplementals covering deficiencies, requesting additional amounts
necessary to cover an overobligation of funds.

Amendments are proposed actions, including revisions to pending
supplementals, that revise the President's budget request and are
transmitted prior to completion of action on the budget request by
the Appropriations Committees of both Houses of Congress. This would
include appropriations language for activities authorized since
transmittal of the President's budget that were included as a
legislative proposal.

61.3. Materials required.

An original and two copies of the materials listed below are required. Data will be revised, as appropriate, to reflect Presidential decisions.

(a) Appropriations language.--The text of the appropriations language proposed for enactment should be prepared in accordance with section 31. Supplemental requests will be submitted in the format of exhibit 61A. Budget amendments will be submitted in the format of exhibit 61B. For amendments, the language proposed for the budget year in the President's budget, not the current year appropriation, is to be used as the base, i.e., changes are to be made to the original budget year proposed language; material that was shown in brackets is to be omitted, and changes to the language related to the proposed amendment are to be shown in brackets for deletions or underlined for new text.

(b) Justification.--A justification should be prepared in accordance with applicable requirements of section 15.2. It should also include:

- the reason why additional funds are required in the fiscal year requested, identifying specifically which of the circumstances described in section 61.1 applies;
- an explanation of proposed language provisions, if necessary;
- pertinent data concerning the effect on Federal civilian employment; and
- for supplemental requests only:
 - the date when requested funds are needed for obligation, and
 - a statement of actual and estimated obligations for the year prepared on a quarterly basis and actual obligations by month for the previous three months.

(c) Explanation of request.--A short explanation, including the effect of the request on outlays, suitable for transmittal to Congress as part of the President's proposal, is required. If appropriate, the explanation may be a synopsis of the major points that appear in the justification.

(d) Budget schedules and receipts data.--The following materials will be prepared on letter size paper and submitted for affected accounts, if requested by OMB:

- program and financing schedule, see section 32. If only a few items in a lengthy program by activities section are affected, the activity items not changed may be grouped in a single line. However, the "Financing" and "Relation of obligations to outlays" sections must be shown in full;
- object classification schedule, see section 35;
- personnel summary, see section 36.1, where appropriate;
- receipts estimates, see section 21, when a supplemental or amendment will affect payments to a receipt account; and
- schedules on status of direct loans or status of guaranteed loans, see section 33, when a supplemental or amendment affects the level of direct loan obligations or loan guarantee commitments.

Column headings for these materials will be modified as follows:

- For supplementals. The seventh digit of the account identification code, i.e., the transmittal code, will be entered as "1". Amount columns will be retitled as illustrated in exhibit 61C and used as indicated below:

- (1) Presently available (column 1).--Enter the amount available under previous appropriations enacted for the current fiscal year.
- (2) Proposed supplemental (column 2).--Enter the additional amount

requested.

(3) Revised estimate (column 3).--Enter the revised estimate of the total amounts needed for the year (column 1 plus column 2).
--For amendments. The transmittal code will be entered as "0".

Amount columns will be retitled as illustrated in exhibit 61B and used as indicated below:

(1) Request pending (column 1).--Enter the amount of the estimate currently pending before Congress. Amounts included in the budget as items proposed for later transmittal should not be included.

(2) Proposed amendment (column 2).--Enter the proposed change to the amount of the request currently pending before Congress, including amounts in the budget for items proposed for later transmittal.

(3) Revised request (column 3).--Enter the total amount to be considered by Congress (column 1 plus column 2).

(e) Letter from agency head.--The submission to OMB will be accompanied by a letter from the head of the agency that will include a statement concerning the validity of obligations, as required by 31 U.S.C. 1108 (see section 11.7).

61.4. Data to be furnished to Congress.

Unless otherwise directed by the respective Committees, 15 copies of the following information will be furnished to each Appropriations Committee and 5 copies will be furnished to the Congressional Budget Office as part of the agency's justification to Congress of budget amendments and supplemental requests approved by the President:

--program and financing schedule;

--object classification; and

--personnel summary.

Column headings will be modified as appropriate (see section 61.3).

When an agency requests two or more supplemental items, the submission should be assembled, with appropriate tabs identifying each item.

APPENDIX A

Scorekeeping Guidelines

The guidelines listed below reflect general budget scorekeeping conventions used by the House and Senate Budget Committees and the Office of Management and Budget in measuring compliance with Congressional budget targets and the Budget Summit Agreement.

To the extent possible under the Budget Enforcement Act of 1990, the Congressional Budget Office (CBO) and the Office of Management and Budget follow these guidelines in calculating deficit estimates and making projections for the Budget Enforcement Act of 1990.

Final scoring depends on the review of legislation by the scorekeepers, as provided in the Budget Enforcement Act of 1990 and the Congressional Budget Act. These rules will be reviewed on an annual basis.

1. Mandatory spending.--The list of accounts that are considered mandatory for purposes of scoring appropriations bills is included in the conference report of the Omnibus Budget Reconciliation Act of 1990 (OBRA), House Report 101-964, pp. 1176-1180.

2. Outlays prior.--Outlays from prior-year appropriations will be

classified consistent with the discretionary/mandatory classification of the account from which the outlays occur.

3. Direct spending programs.--Entitlements and other mandatory programs (including offsetting receipts) will be scored at current law levels, unless Congressional action modifies the authorizing legislation. Substantive changes to or restrictions on entitlement law or other mandatory spending law in appropriations bills will be scored against the Appropriations Committee section 302(b) allocations in the House and the Senate except for those savings provisions that are to be enacted by an authorizing committee pursuant to the Budget Summit Agreement.

4. Transfer of budget authority from a mandatory account to a discretionary account.--The transfer of budget authority to a discretionary account will be scored as an increase in discretionary budget authority and outlays in the gaining account. The losing account will not show an offsetting reduction if the account is an entitlement or mandatory.

5. Permissive transfer authority.--Permissive transfers will be assumed to occur (in full or in part) unless sufficient evidence exists to the contrary. Outlays from such transfers will be estimated based on the best information available, primarily historical experience and, where applicable, indications of Executive or Congressional intent.

This guideline will apply to specific transfers (transfers where the gaining and losing accounts and the amounts subject to transfer can be ascertained) for FY 1991 and to both specific and general transfer authority thereafter.

6. Reappropriations.--Reappropriations of expiring balances of budget authority will be scored as new budget authority in the fiscal

year in which the balances become newly available.

7. Advance appropriations.--Advance appropriations of budget authority will be scored as new budget authority in the fiscal year in which the funds become newly available for obligation, not when the appropriations are enacted.

Advance appropriations will be classified as mandatory or discretionary consistent with the mandatory list included in the conference report of the OBRA (see rule no. 1, above).

8. Rescissions and transfers of unobligated balances.--Rescissions of unobligated balances will be scored as reductions in current budget authority and outlays in the year the money is rescinded.

Transfers of unobligated balances will be scored as reductions in current budget authority and outlays in the account from which the funds are being transferred, and as increases in budget authority and outlays in the account to which these funds are being transferred.

In certain instances, these transactions will result in a net negative budget authority amount in the source accounts. Such amounts of budget authority will be projected at zero. Outlay estimates for both the transferring and receiving accounts will be based on the spending patterns appropriate to the respective accounts.

9. Delay of obligations.--Appropriations bills specify a date when funds will become available for obligation. It is this date that determines the year for which new budget authority is scored. In the absence of such a date, the bill is assumed to be effective upon enactment.

If a new appropriation provides that a portion of the budget authority shall not be available for obligation until a future fiscal year, that portion shall be treated as an advance appropriation of budget authority. If a law defers existing budget authority (or

unobligated balances) from a year in which it was available for obligation to a year in which it was not available for obligation, that law shall be scored as a rescission in the current year and a reappropriation in the year in which obligational authority is extended. If the authority to obligate is contingent upon the enactment of a subsequent appropriation, new budget authority and outlays will be scored with the subsequent appropriation. If an appropriation is contingent on enactment of a subsequent authorization, new budget authority and outlays will be scored with the appropriation. If an appropriation is contingent on the fulfillment of some action by the Executive branch or some other event normally estimated, new budget authority will be scored with the appropriation, and outlays will be estimated based on the best information about when (or if) the contingency will be met. Non-lawmaking contingencies within the control of the Congress are not scoreable events.

10. Absorption--Appropriations bills or reports should contain language that clearly specifies the extent to which funds for pay raises are either provided or absorbed within the levels appropriated in the bill, or remain to be provided.

11. Scoring purchases, lease-purchases, and leases.

General Rule.--When a bill provides the authority for an agency to enter into a contract for the purchase, lease-purchase, or lease of a capital asset, budget authority will be scored in the year in which the budget authority is first made available in the amount of the government's total estimated legal obligations.

Outlays for a purchase or for a lease-purchase in which the Federal government assumes substantial risk--for example, through an explicit government guarantee of third party financing--will be spread across

the period during which the contractor constructs, manufactures, or purchases the asset. Outlays for a lease, or for a lease-purchase in which the private sector retains substantial risk, will be spread across the lease period. In all cases, the total amount of outlays scored over time against a bill will equal the amount of budget authority scored against that bill.

Implementation of the rule.--Contracts under existing authority will not be rescored. Purchases and lease-purchases will be scored on the basis of this rule starting in FY 1991. Multi-year leases will be scored consistent with current practice, rather than this rule, in FY 1991.

Further details.--See below, "Addendum: Details on scoring purchases, lease-purchases, and leases."

12. Write-offs of uncashed checks, unredeemed food stamps, and similar instruments.--Exceptional write-offs of uncashed checks, unredeemed food stamps, and similar instruments (i.e., write-offs of cumulative balances that have built up over several years or have been on the books for several years) shall be scored as an adjustment to the means of financing the deficit rather than as an offset. An estimate of write-offs or similar adjustments that are part of a continuing routine process shall be netted against outlays in the year in which the write-off will occur. Such write-offs shall be recorded in the account in which the outlay was originally recorded.

13. Reclassification after an agreement--Except to the extent assumed in a budget agreement, a law that has the effect of altering the classification of spending and revenues (e.g., from discretionary to mandatory, special fund to revolving fund, on-budget to off-budget, revenue to offsetting receipt), will not be scored as reclassified for the purpose of enforcing a budget agreement.

Addendum: Details on Scoring Purchases, Lease-Purchase and Leases

Budget authority.--Budget authority scored against a bill will include all costs of the project except for imputed interest costs calculated at Treasury rates. Imputed interest costs will not be scored against a bill or for current level but will count for other purposes.

Criteria for defining a lease.--Under a lease arrangement, ownership of the asset remains with the lessor during the term of the lease and is not transferred to the Government at or shortly after the end of the lease period. In addition, the Government should enter into the contract for limited use of an asset and not consume a substantial portion (75 percent) of its economic value. All risks of ownership of the asset (e.g., financial responsibility for the destruction or loss of the asset) should remain with the lessor.

Illustrative criteria determining private risk.--Legislation and lease-purchase contracts will be considered against the following type of illustrative criteria to evaluate the level of private-sector risk in a project:

- There should be no explicit government guarantee of third party financing.
- All risks of ownership of the asset (e.g., financial responsibility for destruction or loss of the asset, etc.) should remain with the lessor unless the Government was at fault for such losses.
- The asset should be a general purpose asset rather than for a special purpose of the Government and should not be built to unique specification for the Government as lessee. There should

be a private-sector market for the asset.

--The project should not be constructed on Government land.

Directed scorekeeping.--Language that attempts to waive the Anti-Deficiency Act, or to limit the amount or timing of obligations recorded, does not change the government's obligations or obligational authority, and so will not affect the scoring of budget authority or outlays.

Authority to obligate.--Unless bill language that authorizes a project clearly states that no obligations are allowed unless budget authority is provided specifically for that project in an appropriations bill in advance of the obligation, the bill will be interpreted as providing obligation authority, in an amount to be estimated by the Congressional Budget Office (for the Congress) and the Office of Management and Budget (for the Executive).

APPENDIX B

Scoring Lease-Purchases and Leases of Capital Assets

This appendix provides instructions on scoring lease-purchases and leases of capital assets consistent with the scorekeeping rule developed by the Executive and Legislative Branches in connection with the Budget Enforcement Act of 1990 (see Appendix A). The scorekeeping rule focuses on leases and lease-purchases specifically authorized by law. However, the scorekeeping requirements apply to all lease-purchase arrangements and capital leases, including those arrangements that agencies may enter into under existing general legal authorities and arrangements that are financed through the Federal

Financing Bank.

1. Scorekeeping rule.

When an agency is authorized to enter into a contract for the lease-purchase or lease of a capital asset, budget authority will be scored in the year in which the authority is first made available in the amount of the Government's total estimated legal obligations, as described in section 2 below.

Outlays for lease-purchases in which the Federal Government assumes substantial risk will be spread across the period during which the contractor constructs, manufactures, or purchases the asset. Outlays for a lease or lease-purchase in which the private sector retains substantial risk will be spread across the lease period. The scorekeeping requirements are summarized below.

When an agency modifies or amends an existing capital lease or lease-purchase contract, any remaining budgetary resources should be used to offset the cost of the new contract and only the difference between the net present value of the remaining term of the original contract and the new contract will be scored. (Both net present values should be calculated using the Treasury cost of financing at the time the contract is amended.) This principle only applies when funds equal to the lease payments or the present value of the lease payments were scored at the time the lease was signed. If funds were not scored up front in this manner, the full cost of the new contract should be scored.

TRANSACTION	BUDGET AUTHORITY	OUTLAYS

Lease-purchase without substantial private risk	Amount equal to asset cost recorded up front; amount equal to imputed interest costs recorded on an annual basis over lease period.	Amount equal to asset cost scored over the construction period in proportion to the distribution of the contractor's costs; amount equal to imputed interest costs recorded on an annual basis over lease period.
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Lease-purchase with substantial private risk	Amount equal to asset cost recorded up front; amount equal to imputed interest costs recorded on an annual basis over lease period.	Scored over lease period in an amount equal to the annual lease payments.
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Capital lease	Amount equal to asset cost recorded up front; amount equal to imputed interest costs recorded on an annual basis over lease period.	Scored over lease period in an amount equal to the annual lease payments.
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2. Budget presentation.

(a) General.--For the purposes of scorekeeping transactions that

involve lease-purchases and capital leases, the costs are separated into the following components:

- Asset cost, which includes acquisition/construction costs (also referred to as principal) and the differential cost of financing; and
- Imputed interest cost, also referred to as Treasury cost of financing.

These concepts are defined in section 3 below. Guidance on calculating the appropriate amounts is provided in section 4.

(b) Budget authority.

Amounts.--The up-front budget authority required for both lease-purchases and capital leases equals the present value of the lease payments discounted using the appropriate Treasury interest rate. This is defined as the asset cost. Additional budget authority in an amount calculated to be equivalent to Treasury's cost of financing (i.e., the imputed interest cost) is required on an annual basis over the lease period.

Type of authority.--As a general rule, when Congress enacts legislation that enables an agency to enter into a lease-purchase or capital lease arrangement for a specific project without further appropriations action, it will be assumed that Congress has provided the budget authority required for the transaction up front. However, when an agency enters into a capital lease or lease-purchase arrangement under general authorities available to the agency, it must do so within the limits of the budgetary resources otherwise available to it and the constraints of the scorekeeping requirements; no additional resources are provided.

For lease-purchases or capital leases specifically authorized in legislation:

--Authority to borrow is recorded up front when the transaction is a lease-purchase without substantial private risk. A portion of the amount appropriated (or collected, if the agency receives offsetting collections) for the annual lease payment will be applied to retire outstanding agency debt.

--Contract authority is recorded up front when the transaction is a lease-purchase with substantial private risk or a capital lease. A portion of the amount appropriated (or collected, if the agency receives offsetting collections) for the annual lease payment will be applied to liquidate contract authority.

Timing.--When legislation specifically authorizes a lease-purchase or capital lease, the up-front budget authority (authority to borrow or contract authority, as appropriate) will be recorded when the authority first becomes available for obligation. When the authority stems from general authority available to the agency, obligations are recorded, and sufficient budgetary resources must be available, when the lease agreement is signed.

(c) Outlays.

Lease-purchases without private risk.--Outlays are not equal to the annual lease payments.

Outlays (and agency borrowing) are scored over the period during which the contractor constructs, manufactures, or purchases the asset, in an amount equal to the asset cost. This amount will equal the up-front budget authority. Amounts of the asset cost in excess of the contractor's actual construction or manufacturing costs (i.e., differential cost of financing) should be distributed in proportion to the distribution of the construction/manufacturing costs.

If the asset already exists, the outlays will be recorded in the year in which the contract is signed.

Outlays equal to the imputed interest costs are reported on an annual basis over the lease period.

Lease-purchases with private risk and capital leases.--Outlays are scored annually equal to the annual lease payments.

Over the life of the lease agreement, a portion of the outlays (principal and differential cost of financing) will come from obligated balances, and a portion (imputed cost) will come from new budget authority. The appropriate amounts can be determined from amortization tables developed in accordance with the instructions in section 4.

Outlays attributable to asset costs will be classified as investment-type activities (physical assets), and outlays attributable to imputed interest costs will be classified as non-investment activities (see section 25.4).

(d) Appropriations for annual lease payments.--The annual lease payments under a lease-purchase agreement or capital lease can be divided into three components: principal, differential cost of financing, and imputed interest cost.

Generally, lease-purchases and capital leases that are specifically authorized in legislation will require annual appropriations in an amount equal to the annual lease payment. Since budget authority equal to the principal and differential cost of financing (i.e., the asset cost) was already scored up front, the full amount of the annual appropriations will not be scored as new budget authority. This is explained below.

Lease-purchases without private risk.--An amount equal to the principal and differential cost of financing components of the annual lease payment will be treated as redemption of debt. Line 40.47 on the program and financing schedule (portion applied to debt reduction)

will be used to back out that amount of budget authority and eliminate a double count. When offsetting collections are received in lieu of an appropriation and used to make the annual lease payment, line 68.47 (portion applied to debt reduction) will be used.

Lease-purchases with private risk and capital leases.--An amount of annual appropriations equal to the principal and differential cost of financing components of the annual lease payment will be treated as liquidating cash. Line 40.49 on the program and financing schedule (portion applied to liquidate contract authority) will be used to back out that amount of budget authority and eliminate a double count. When offsetting collections are involved, line 68.49 (portion applied to liquidate contract authority) will be used.

(e) Agency debt.--Agency borrowing is scored to finance the outlays for the construction, manufacture, or purchase of an asset in the case of a lease-purchase without private risk. The amount of agency debt that accumulates over this period is equal to the asset cost; this debt is subsequently redeemed over the lease payment period by a portion of the annual lease payments. The appropriate amounts of debt and debt redemption can be determined from the amortization tables developed in accordance with the instructions in section 4, Step 5.

If the account has a statement of financial condition, the amount of such agency debt should be included as a separate item (and separate from other agency debt) under liabilities and identified as having been incurred to finance lease-purchases. All accounts with such agency debt should discuss it in the narrative statement that follows the program and financing schedule (see section 34).

3. Definitions and concepts.

For the purposes of scoring lease-purchases and capital leases, the following definitions and concepts apply:

(a) Lease-purchase.--A type of lease in which ownership of the asset is transferred to the Government at or shortly after the end of the lease period. Such a lease may or may not contain a bargain-price purchase option.

(b) Capital lease.--Any lease other than a lease-purchase that does not meet the criteria of an operating lease.

(c) Operating lease.--An operating lease must meet all the criteria listed below. If the criteria are not met, the lease will be considered to be a capital lease or a lease-purchase, as appropriate.

--Ownership of the asset remains with the lessor during the term of the lease and is not transferred to the Government at or shortly after the end of the lease period.

--The lease does not contain a bargain-price purchase option.

--All risks of ownership of the asset (e.g., financial responsibility for destruction or loss of the asset) remain with the lessor, unless the Government is at fault for such losses.

--The lease term does not exceed 75 percent of the estimated economic life of the asset.

--The present value of the minimum lease payments over the life of the lease does not exceed 90 percent of the fair market value of the asset at the inception of the lease.

--The asset is a general purpose asset rather than for a special purpose of the Government and is not built to unique specification of the Government as lessee.

--There is a private sector market for the asset.

--The asset (structure) is not constructed on Government land.

Multi-year service contract (e.g., grounds maintenance) and multi-year purchase contracts for expendable commodities (e.g., aspirin) will be considered to be operating leases.

(d) Risk.--Lease-purchase agreements are scored as purchases or leases depending on the level of private-sector risk. The following types of illustrative criteria will be considered in evaluating the level of private-sector risk:

--There should be no explicit Government guarantee of third party financing.

--All risks incident to ownership of the asset (e.g., financial responsibility for destruction or loss of the asset) should remain with the lessor unless the Government was at fault for such losses.

--The asset should be a general purpose asset rather than for a special purpose of the Government and should not be built to unique specification of the Government as lessee.

--There should be a private-sector market for the asset.

--The project should not be constructed on Government land.

(e) Imputed interest costs.--These are financing costs that Treasury would have incurred if it had issued debt equal to the total project costs. These costs are calculated on the basis of the rate Treasury would pay on an instrument of similar maturity to the lease period on the date the contract is signed.

(f) Differential cost of financing.--The differential cost of financing equals the total annual interest payments on any debt issued less the interest payments that would occur at the Treasury rate, i.e., less "the imputed interest costs."

(g) Asset cost.--The asset cost is the present value of the agency's lease payments discounted from the date of the first payment (or the beginning of the lease period, whichever is earlier) using the Treasury interest rate defined under the preceding definition of imputed interest costs. This is the same as the total construction or acquisition costs plus any interest above Treasury's cost of financing (i.e., plus the differential cost of financing).

4. Guidance on calculations.

A schedule of lease payments or an amortization schedule is required to calculate budget authority, outlays, and debt. Illustrative amortization schedules, PC spreadsheets for the amortization schedules (in Lotus 1-2-3 format), and corresponding program and financing schedules are available from OMB's Budget Review and Concepts Division (telephone (202) 395-3823.)

The correct Treasury rate to use for discounting to present value and for calculating imputed interest costs will be based on the economic assumptions in the budget. Revised Treasury interest rates will be released whenever economic assumptions for the budget are updated. The term selected for the Treasury rate should be comparable to the term of the lease or lease-purchase. The year to which the interest rate is attributed should be the year the obligation for the lease or lease-purchase is incurred.

Step 1 -- Calculate up-front BA:

Lease-purchase without substantial private risk; lease-purchase with substantial private risk; and capital lease: To determine up-front BA (i.e., asset cost), calculate the present value of the lease payments, using the appropriate Treasury rate as the discount factor and discounting from the date of the first payment or the beginning of the lease period, whichever is earlier. This BA is scored when the authority to enter into a contract for the lease-purchase or lease of a capital asset first becomes available for obligation.

Step 2 -- Calculate outlays over the period during which the contractor constructs, manufactures, or purchases the asset:

Lease-purchase without substantial private risk: Score outlays in proportion to the distribution of the contractor's costs. For example, assume a contractor's costs on a \$50 million project are estimated to be \$7.5 million the first year, \$27.5 million the second year, and \$15 million the third year. The analyst should apply spendout rates of 15 percent, 55 percent, and 30

percent to the BA calculated in Step 1 for the first, second, and third years, respectively. Total outlays at the end of the construction, manufacture, or purchase period should equal the BA calculated in Step 1. (Note that total outlays will exceed the contractor's costs.)

Lease-purchase with substantial private risk and capital lease: Outlays are not scored during this period. Refer to Step 4 for outlay scoring.

Step 3 -- Calculate BA for the lease payment period:

Lease-purchase without substantial private risk; lease-purchase with substantial private risk; and capital lease: Annual BA will equal the imputed interest costs calculated using the same Treasury interest rate used to discount the lease payments in Step 1. The interest rate should be applied to debt that is initially equal to the up-front BA calculated in Step 1 and that is then amortized over the lease period in accordance with Step 5. The interest portion of each periodic payment is the imputed interest cost.

Step 4 -- Calculate outlays over the lease payment period:

Lease-purchase without substantial private risk: Annual outlays are equal to the annual BA (i.e., the imputed interest costs).

Lease-purchase with substantial private risk and capital lease: Annual outlays are equal to the lease payments.

Step 5 -- Calculate agency debt (applies only to lease-purchases financed by authority to borrow):

Agency debt accumulates during the period of construction, manufacture, or purchase of the asset. The increase in debt each year equals the amount of outlays calculated in Step 2. Agency debt is subsequently redeemed over the lease payment period according to an amortization schedule. The amount of debt redemption each year is equal to the lease payment less the imputed interest cost as defined in Step 3. (In other words, debt redemption is the principal payments on the original amount financed for the lease-purchased, plus the differential cost of financing. debt redemption is not scored as BA

or outlays). Imputed interest costs are scored as BA and outlays and are also scored as interest on agency debt.

5. Reporting to OMB and Treasury.

Budget executive reports and apportionment requests will reflect budget amounts in accordance with these requirements. Amounts (e.g., budget authority and outlays) will be reported to Treasury on the same basis.

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